4TH QTR. 1987

3/21/88 R4105-6

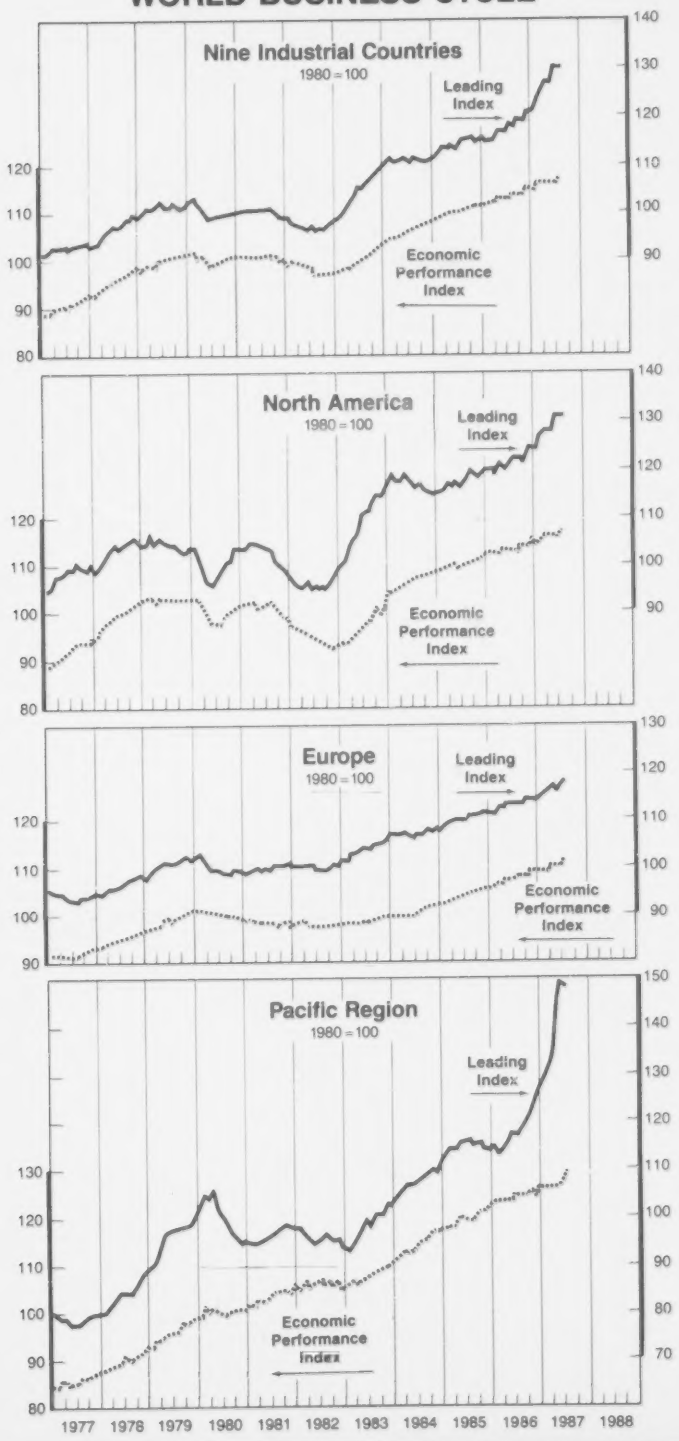
The Conference Board

Economic Analysis Program

International Economic Scoreboard

A Quarterly Report from The Conference Board **Fourth Quarter**

WORLD BUSINESS CYCLE



The world business cycle continues to advance. Sales, output, employment and other measures of economic performance are climbing moderately, but the leading indexes are rising spiritedly, suggesting a step-up in the pace of economic advance. At this point the major indexes reveal no early sign that might have pointed to the worldwide crash in stock prices in mid-October.

The indexes for North America are behaving in a nearly identical way to those for all nine countries. The performance index is rising steadily but unspectacularly, while the leading index signals a somewhat faster expansion ahead.

The European economic picture is insipid. The expansion continues but without character—nothing to elicit feelings either of excitement or anxiety.

All the pep is in the Pacific. The region's performance index is accelerating moderately, but the leading index is positively explosive.

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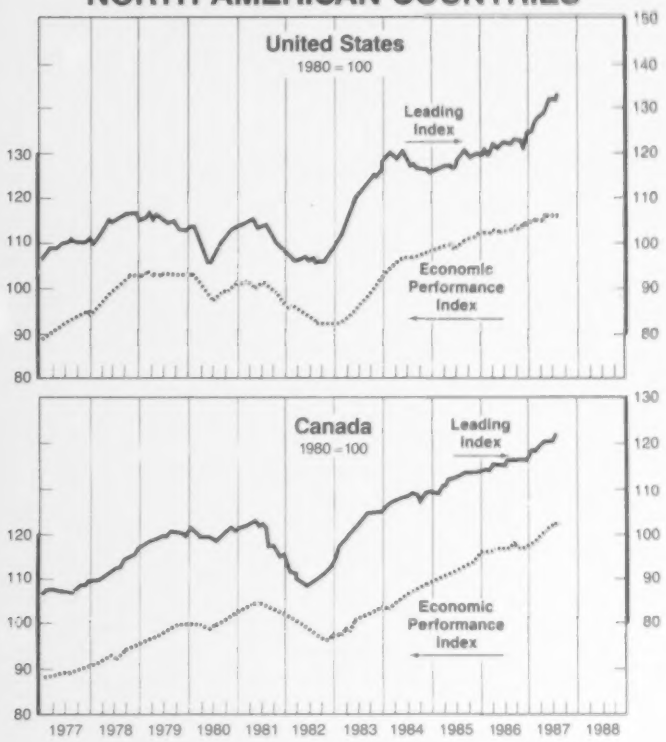
NORTH AMERICAN COUNTRIES



The U.S. figures shown here look quite strong through August. As we look ahead, however, the leading composite for September will be pulled down by the price indexes for industrial materials and common stocks, and also by a decline—probably quirky because of the Labor Day holiday—in the average work-week. Further, the recent stock price debacle will be enough by itself to depress the October leading index. There's no basis now for thinking a recession is imminent, but it's not too soon to watch the incoming data with extra care.

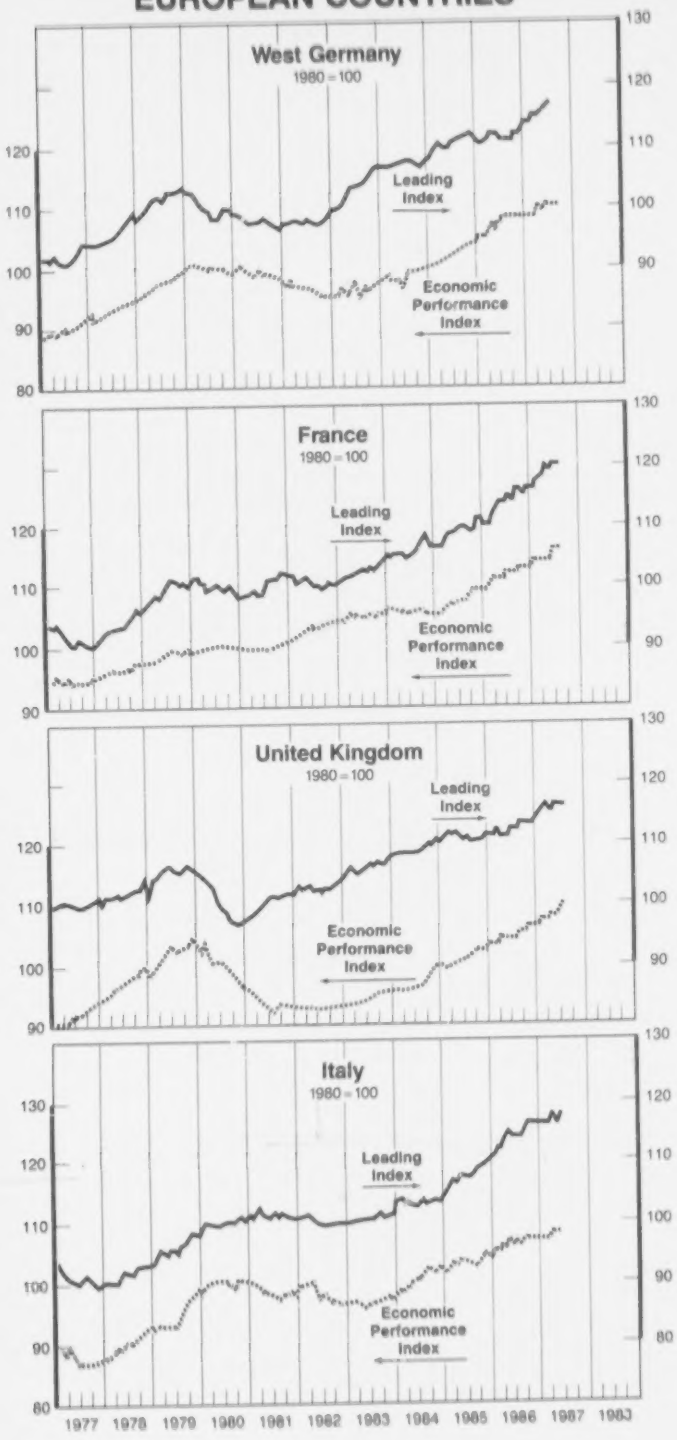
The Canadian data are much like the United States, with both the performance and leading indexes showing moderate but respectable growth.

Summary Of Growth Rates, Nine Industrial Countries

	Ten-year Growth Rate	*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	1976-86	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	annual rates, percent								
9 countries	3	3	3	4	7	11	12	Expansion continuing, leaders strong	July
North America (2)	3	2	3	4	5	9	9	Expansion continuing	July
Europe (4)	2	3	4	3	3	5	5	Expansion continuing	July
Pacific Region (3)	4	4	2	5	17	28	29	Expansion continuing, leaders strong	July
United States	3	3	3	3	8	7	10	Expansion continuing, leaders strong	Aug.
Canada	3	2	4	4	4	6	6	Expansion continuing	July
West Germany	2	2	2	3	2	5	6	Expansion continuing	Aug./July
France	2	3	3	5	4	6	5	Expansion continuing	July/Aug.
United Kingdom	2	4	5	6	4	4	3	Expansion continuing	July
Italy	2	2	1	2	4	3	4	Expansion continuing	May/June
Japan	4	4	1	4	18	30	32	Expansion continuing, leaders strong	July
Australia	3	2	5	12	10	12	13	Expansion continuing, leaders strong	July
Taiwan, R.O.C.	8	15	10	12	14	17	16	Expansion continuing, leaders strong	Aug.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

EUROPEAN COUNTRIES



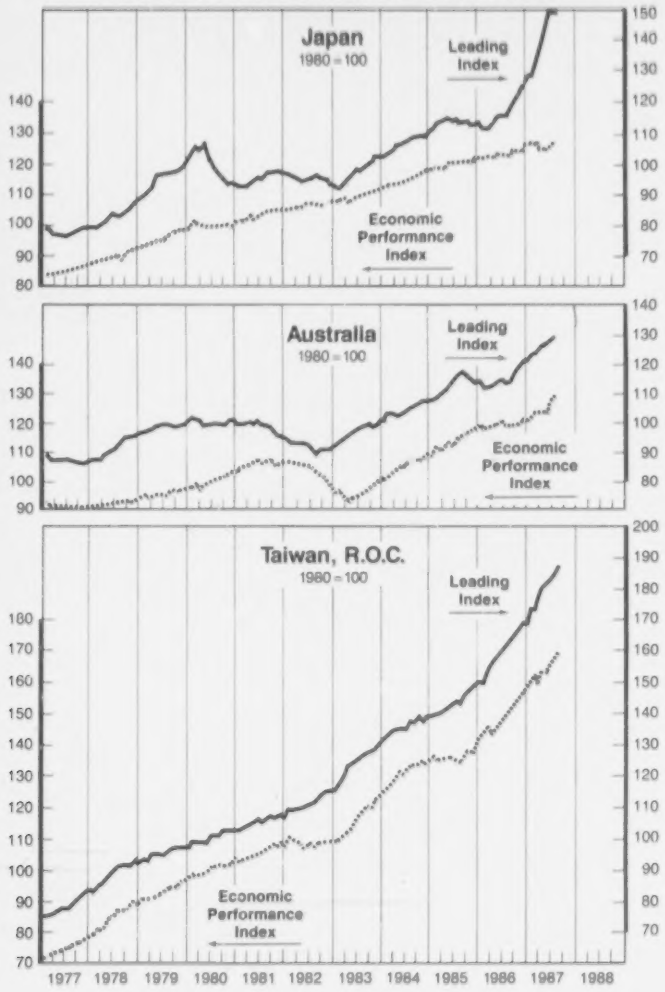
The German economy continues to expand at a pedestrian pace. The leaders show more strength than the performance index, but not enough to write abroad about.

Like the rest of Europe, the French economy is expanding at a reasonable but uninspiring pace.

The United Kingdom has the best growth in Europe over the past 6 months, but its leading index, although rising, shows no potency.

The Italian economy, according to the latest statistics (delayed, as usual), is still expanding, but at the slowest pace in Europe.

PACIFIC REGION COUNTRIES



Japan's economic performance index is advancing at a 4 percent annual rate—a very average pace. But the leading index is exploding. The 32 percent growth rate calculated for the leading composite in July is the fastest rate registered for any country in the past 15 years, and one of the fastest ever. All of the component leading indicators contributed to the advance in recent months, especially overtime hours, raw materials prices, stock prices, business profitability, and an inventory buildup.

The new development in Australia's economy is the dramatic speed up in the performance index in the early summer. The leading index had accelerated sharply in the final months of 1986, and now the growth of the economy has followed the leaders.

Taiwan, like Australia, shows vigorous growth in both the performance and leading indexes. In Taiwan, however, this is nothing new, since it is a continuation of the rapid economic expansion that started in late 1985.

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

This publication is designed to help readers monitor the ups and downs of the business cycle around the world. To this end, two types of index are shown for each country: an index of economic performance and a leading index. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

The indexes are maintained by the Center for International Business Cycle Research at the Graduate School of Business, Columbia University, and the accompanying essay is prepared by the Center.

For More Information

To find out more about this indicator system and the availability of detailed data for each country please address inquiries to:

Center for International Business Cycle Research
Columbia Business School
New York, New York 10027
Telephone: 212-280-2916

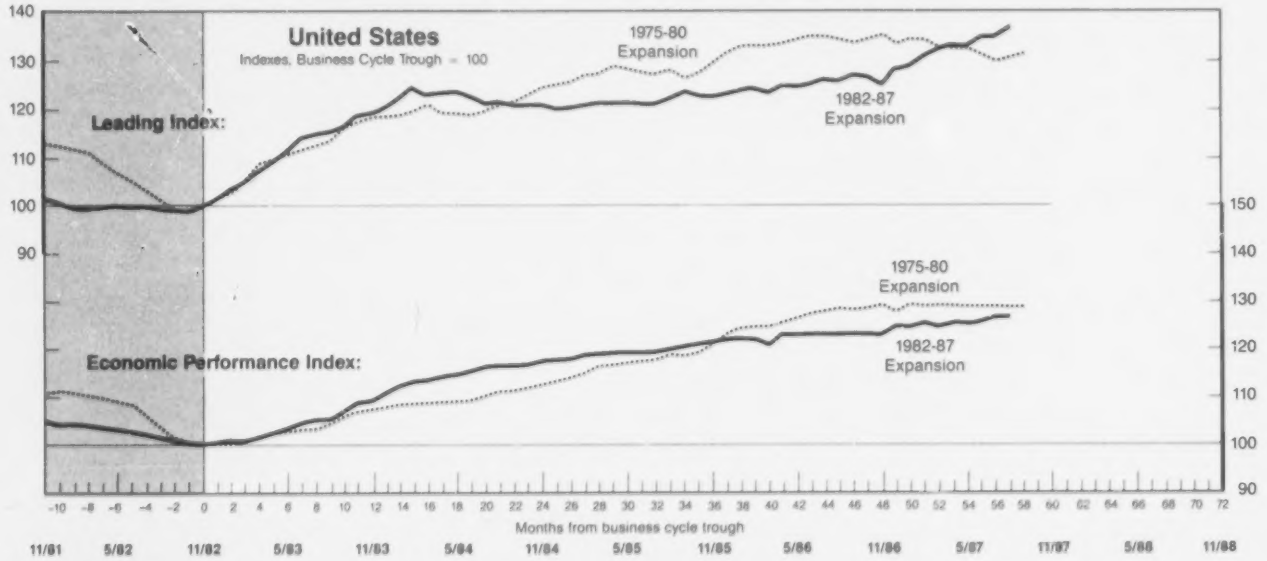
ECONOMIC EXPANSION REACHES RECORD LONGEVITY

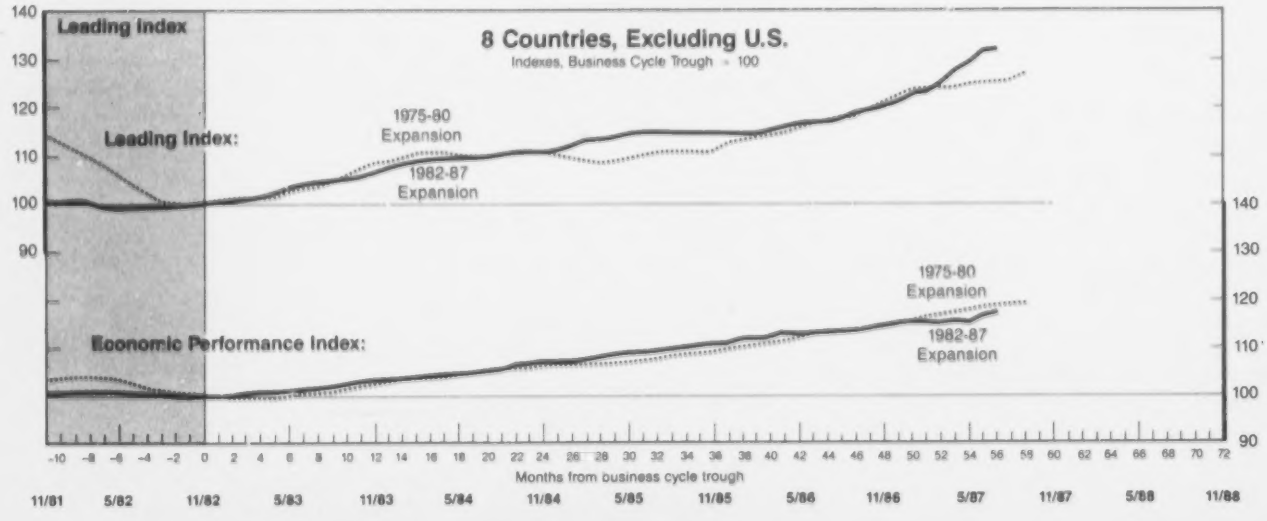
October 1987 marks the date when the current expansion of the U.S. economy surpassed the longest previous peacetime expansion in history. That expansion ran for 58 months, from March 1975 to January 1980. The current expansion began in November 1982, and reached its 59th month in October 1987.

How do the two expansions compare in terms of growth, both nationally and internationally? Are there signs that the current expansion is petering out? What about inflation? The accompanying charts of recession-recovery patterns are designed to answer these questions, using some of the indexes published in the *Scoreboard*.

The economic performance index for the United States, which includes real GNP, industrial production, employment, unemployment, and business sales, rose faster during the first year and a half of the current expansion than in the one beginning in 1975, but it slowed down sooner. The upshot is that the overall increase to date has fallen a bit short of the 1975-80 increase. That is, during the 57 months from November 1982 to August 1987 the index rose 26 percent; during the corresponding 57 months of the late 1970s it rose 29 percent. At an average annual rate the current expansion checks in at 5.0 percent, compared to 5.5 percent for the previous one.

The U.S. leading index shows a somewhat similar pattern, with rapid growth first and then a slowdown, but lately it has picked up speed. Its 57-month advance through August has exceeded its corresponding rise in 1975-80: 37 percent vs. 30 percent. By this time in the previous expansion the leading index was already declining, signaling the 1980 recession would shortly begin. The recent speed-up suggests that the current expansion still has a way to go,


United States
Indexes, Business Cycle Trough = 100
Leading Index:
1975-80 Expansion
1982-87 Expansion
Economic Performance Index:
1975-80 Expansion
1982-87 Expansion
Months from business cycle trough
11/81 5/82 11/82 5/83 11/83 5/84 11/84 5/85 11/85 5/86 11/86 5/87 11/87 5/88 11/88


Leading Index
8 Countries, Excluding U.S.
Indexes, Business Cycle Trough = 100
Leading Index:
1975-80 Expansion
1982-87 Expansion
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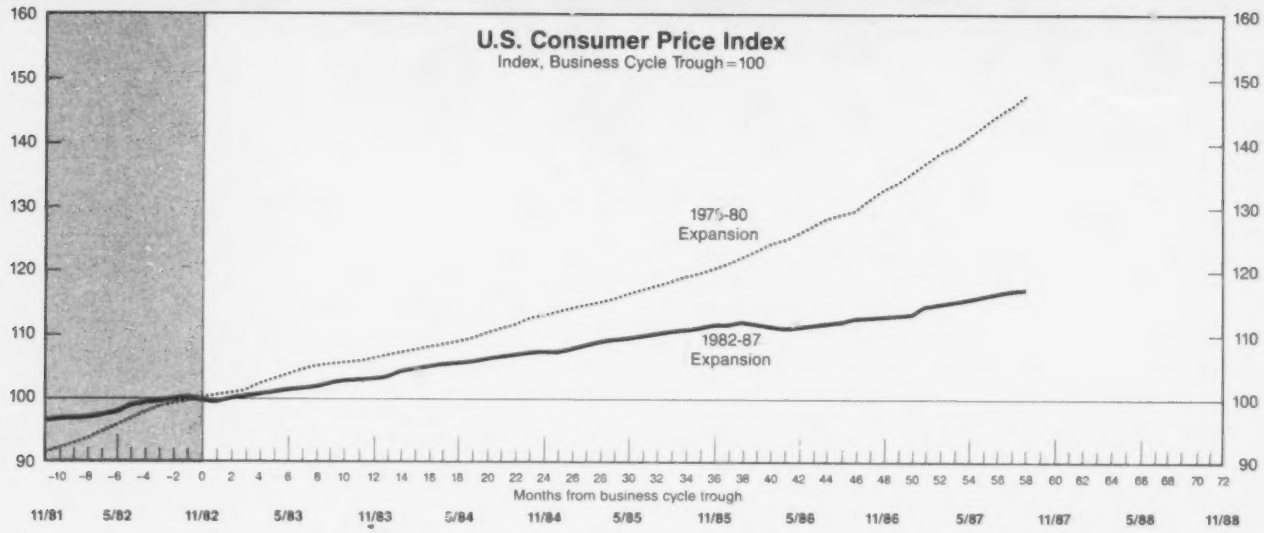

although the October debacle in the stock market, of course, raises a caution flag about that conclusion.

The indexes for the eight other countries show that both expansions, although defined in terms of U.S. experience, have been truly international in scope. The eight-country performance index in the current expansion has virtually reproduced the track that it followed in 1975-80. During the 56 months through July 1987 it rose 17 percent, only slightly below the 19 percent advance during 1975-80. The eight-country leading index bettered its previous climb, rising 32 percent this time compared with 25 percent last time. During the U.S. recession of 1980, the eight-country leading index declined while the performance index merely leveled off. Lately neither index has shown any sign of faltering. That will probably help to keep the U.S. expansion going, by supporting our export trade.

Consequently, we are virtually certain to establish new records—both in duration and magnitude—for U.S. peacetime expansions in economic activity. The achievement is the more remarkable because it has been accompanied by relatively little inflation. In this respect the current expansion differs sharply from that of 1975-80. In that expansion the consumer price index rose 48 percent in the first 58 months, whereas over the same period in this expansion it has risen only 17 percent. The annual rates are 8.4 percent and 3.3 percent, respectively.

Of course, 3.3 percent is not zero, and the rate of inflation during the past year has been above that, though nowhere near the 1980 level. To keep inflation within bounds, we must keep costs down. Moreover, it would be well to remember that when costs begin to rise faster than prices most expansions have ended. Cost containment is a good prescription for a long-lived expansion with little inflation.

The Conference Board

845 Third Avenue, New York, N.Y. 10022 / (212) 759-0900
1755 Massachusetts Avenue, N.W., Suite 312, Washington, D.C. 20036
255 Smyth Road, Ottawa, Ontario, K1H-8M7, Canada
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Prepared by Edgar R. Fiedler, Economic Analysis Program, Eric J. Kruger, Director. Reproduction permissible with full citation to The Conference Board as source. Published quarterly at 845 Third Avenue, New York, New York 10022.

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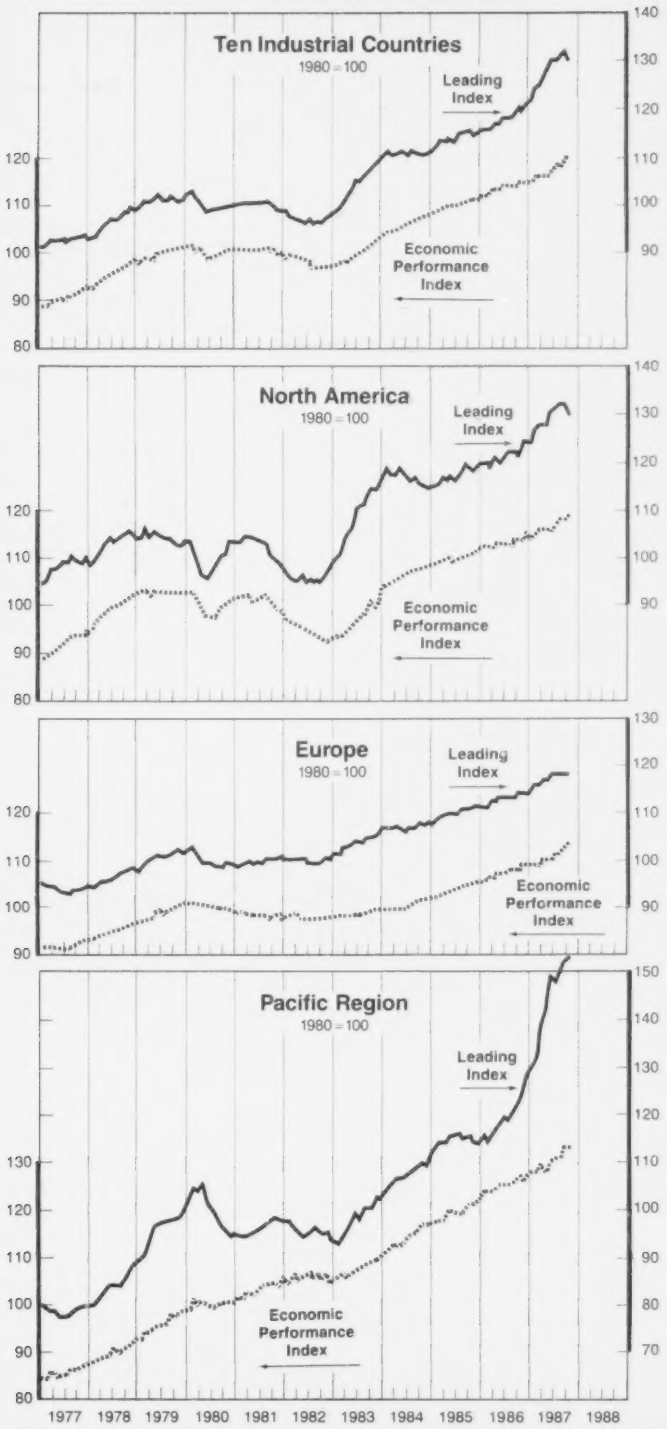
Economic and Business Environment Program

International Economic Scoreboard

A Quarterly Report from The Conference Board **First Quarter**

WORLD BUSINESS CYCLE



The world business cycle continues to advance, and at a more than respectable pace. Since the October stock market crash, however, the leading indexes are no longer encouraging. Although the latest growth rate is still positive (reflecting the strong rise in the index earlier in the year) the ten-country composite index declined in October and could well do so again in November. The available November data for other early moving economic indicators (other than equity prices) show some negatives, but it is still too soon to know whether the weakness is widespread.

The indexes for North America reflect the worldwide pattern, but with less oomph. The performance index continues its steady advance but the drop in equities turned the leading index down in October.

The European pattern is similar to that of North America. The performance index is climbing steadily, but the leading index leveled off in recent months.

The Pacific area indexes, which now include South Korea, exhibit greater strength than elsewhere. Economic activity continues to climb smartly, and the leading indicators were still on the upgrade through October.

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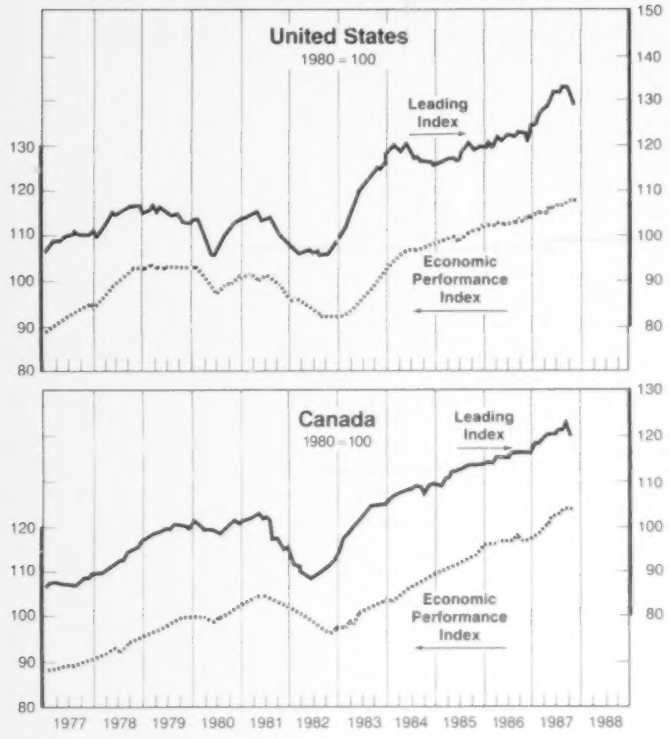
NORTH AMERICAN COUNTRIES



In the United States, the leading index dropped substantially in October and November, with the weakness focused on stock prices, industrial materials prices and the consumer credit component. Employment and output continue to rise, but the faltering in the leaders is more than enough to make you nervous.

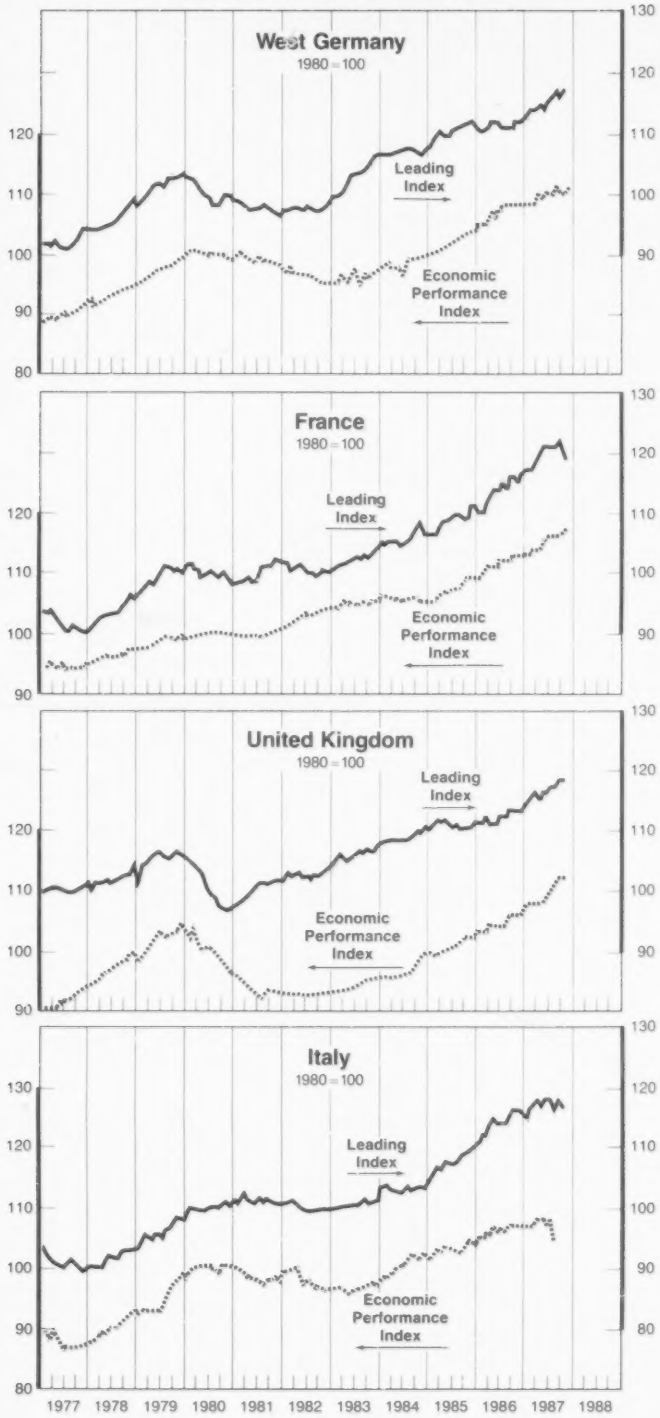
Canada's indicators show a similar pattern to those of the United States. The Canadian leading index declined 2 percent in October, with the drop focused on stock prices and the consumer credit component.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	3	4	5	12	11	7	Expansion continuing	Oct.
9 countries excl. U.S.	3	3	5	5	13	13	10	Expansion continuing, leaders strong	Oct.
North America (2)	3	3	4	5	9	9	4	Expansion continuing	Oct.
Europe (4)	2	4	4	5	5	5	3	Expansion continuing	Oct.
Pacific Region (4)	4	3	6	6	27	26	20	Expansion continuing, leaders strong	Oct.
United States	3	3	4	4	7	10	1	Expansion continuing, leaders weak	Nov.
Canada	3	5	5	7	6	5	2	Expansion continuing	Oct.
West Germany	2	2	3	3	5	6	4	Expansion continuing	Nov./Oct.
France	2	4	5	5	8	6	1	Expansion continuing, leaders weak	Oct.
United Kingdom	2	5	7	7	4	4	5	Expansion continuing	Oct.
Italy	2	1	2	-3	5	4	1	Expansion stalling, leaders weak	Aug./Oct.
Japan	4	2	4	6	30	29	22	Expansion continuing, leaders strong	Oct.
Australia	3	5	10	5	12	12	5	Expansion continuing	Oct.
Taiwan, R.O.C.	8	11	13	8	17	* 16	13	Expansion continuing, leaders strong	Nov.
Korea, R.O.K.	7	13	12	13	15	16	20	Expansion continuing, leaders strong	Oct.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

EUROPEAN COUNTRIES



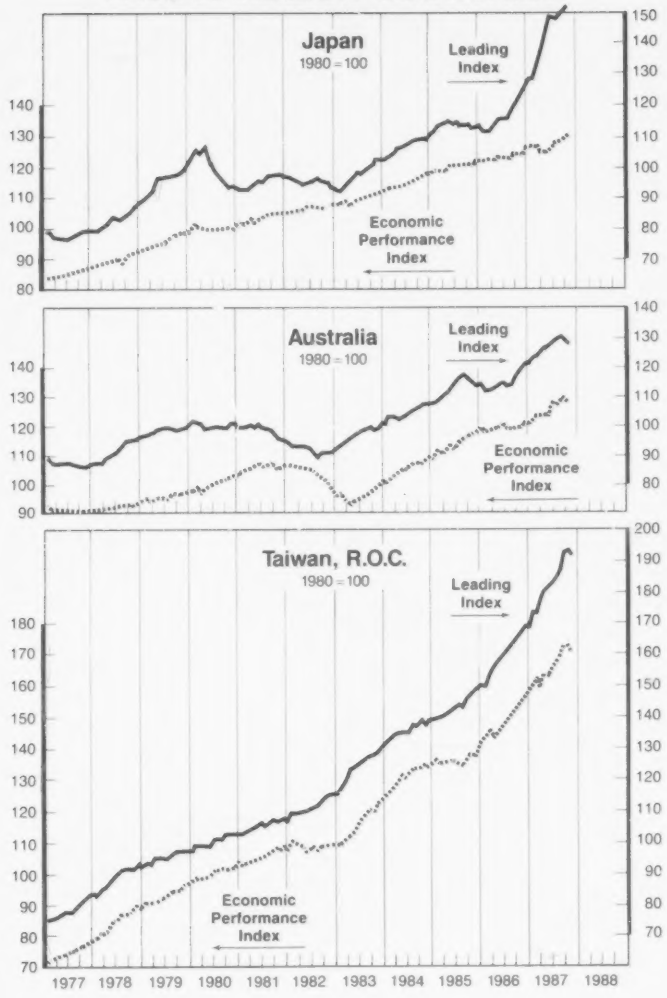
In Germany, although the performance and leading series show growth rates that are positive, both indexes have been essentially directionless since midsummer.

The French economy has continued to advance but the leading indicators have been sluggish for five months now.

In the United Kingdom, both indexes have continued to expand at a sturdy pace right through October.

The leading index for Italy has leveled off. Although the performance index went down sharply in August, subsequent data on industrial production suggest a comeback. Nevertheless, the leading indicators are not optimistic about the future.

PACIFIC REGION COUNTRIES



Japan's economic performance index is climbing at a good clip, and even picking up momentum—as signalled earlier this year by the explosive advance in the leading index. The upward push of the leaders, unlike most other countries, was not halted in September or October.

Two months ago the Australian indexes gave a very favorable reading but the September and October data have weakened the outlook noticeably.

In Taiwan, R.O.C., the pattern is similar to Australia: Two months ago the outlook was boomy, but it has been clouded by the October and November figures.

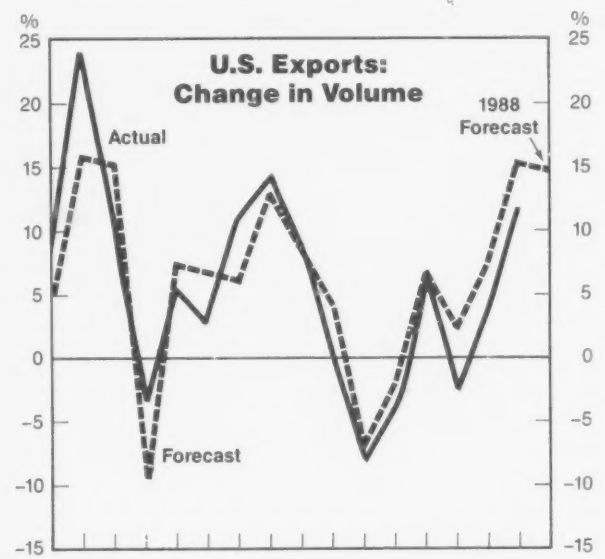
Data for South Korea are reported for the first time in this issue of the Scoreboard. (A chart will be ready for the next issue.) With a 13% growth rate in its performance index, the Korean economy is at the head of the growth parade by an impressive margin. The strength of its leading index through October suggests this rapid pace of advance will continue, at least through the Olympics.

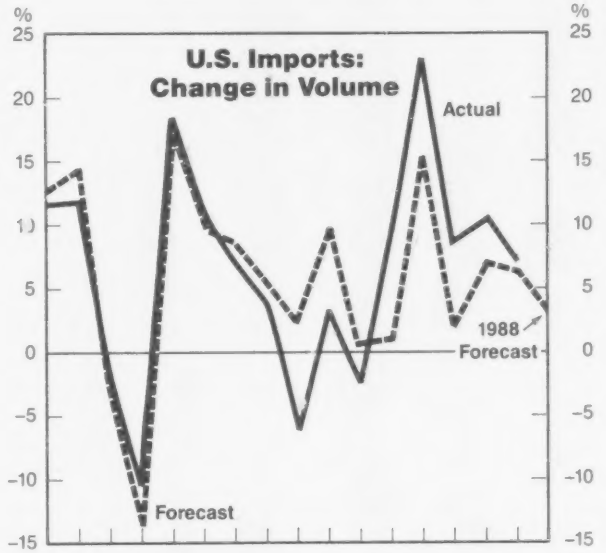
REAL TRADE DEFICIT TO DECLINE IN 1988

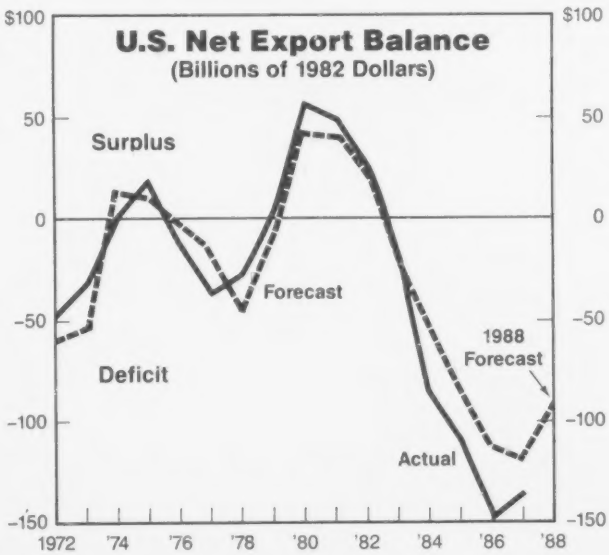
It will be no news to *Scoreboard* readers that imbalances between U.S. exports and imports have been breathtakingly large in the 1980's. In 1980, the trade *surplus* in goods and services (measured in constant dollars) hit an historic high of $57 billion. By 1986, the trade *deficit* was higher than ever before, $146 billion. This reversal of over $200 billion in the nation's real net exports of goods and services occurred in only six years.

The real balance is important because it affects employment and production. If no change had occurred in the real trade balance during these years, the economy would have grown at a vigorous 3.5 percent per year instead of the mediocre 2.6 percent it turned out to be.

What has been less apparent from the news stories, which concentrate on the balance in current dollars (and which, therefore, is affected by changes in the prices of imports and exports, and not just their physical volume), is that the real deficit has been declining since the third quarter of 1986. At its peak then, at an annual rate, the deficit was $162 billion. By the third quarter of 1987, the latest available figure, the deficit was down to $138 billion. This improvement raised the real GNP growth rate over the preceding four quarters to 3.2 percent; without it, the growth rate would have been 2.5 percent. Most of this difference was due to the phenomenal growth of exports, which in real terms grew at a 15 percent annual rate. Without any







Note: 1987 "actual" data are partly estimated.

growth in exports, real GNP would have increased only half as much as it did.

We attribute the turnaround to two factors. The decline in the dollar exchange rate since 1985 is one. That improved the price competitiveness of U.S. exports and raised import prices relative to domestic prices. The other factor is the strong demand situation in other countries, notably the Pacific region, as evidenced by the Scoreboard's leading indexes.

Looking Ahead. What about prospects for 1988? The accompanying chart presents the results of a simple method of forecasting year-to-year percent changes in the real volume of trade. The method looks at imports and exports separately, and in each case the forecast is based on the same two factors just mentioned: relative prices and anticipated demand. Thus the export forecasts (top-left chart) are based on the prior change in a real dollar exchange rate covering 40 countries, as compiled by Morgan-Guaranty (the measure of relative prices), and the prior growth rate in our 8-country leading index excluding the U.S. (the indicator of demand for U.S. exports). Correspondingly, the import forecasts (top-right chart) are based on the same exchange rate and the growth rate in the U.S. leading index (the indicator of demand for U.S. imports).

The forecasts generated by this method catch most of the major swings in trade, though they overestimated the recent gains in exports and underestimated those in imports. As a result, although substantial deficits were projected, the forecasts underestimated the trade deficits since 1984 (lower left chart).

For 1988, the method predicts a gain of 15 percent in exports and a 3 percent increase in imports, which translate to a deficit of $90 billion. This would be a major improvement over the 1987 actual deficit of $138 billion in the third quarter. Perhaps it should be discounted a bit because of the recent tendency of the forecasts to understate the deficit. Nevertheless, some appreciable improvement seems likely in view of the trends already underway. And that will help support growth in the economy in 1988, at a time when it may need all the help it can get.

We have refrained from forecasting export and import prices in this exercise. However, it is useful to recall how these prices have behaved in recent years (lower right chart). In 1974 and 1980 import prices moved up faster than export prices, largely as a result of the oil shocks. Between 1981 and 1986 import prices rose less rapidly or fell more rapidly than export prices, mostly in response to the appreciation in the value of the dollar from 1980 to 1985. But in 1987 import prices rose about 8 percent while export prices scarcely rose at all. The declining dollar plus an increase in oil prices brought about this reversal of pattern, which in turn helped account for the improvement in the real trade balance that we have observed. As things look now, that improvement will continue and perhaps even gain some momentum in 1988.

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1755 Massachusetts Avenue, N.W., Suite 312, Washington, D.C. 20036
255 Smyth Road, Ottawa, Ontario, K1H-8M7, Canada
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Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board **January 1988**

STOCK MARKET PLUNGE DAMPENS BUT DOES NOT ERASE THE CONTINUING ECONOMIC EXPANSION

——New Korean Data Robust

Summary

Worldwide, with data for all countries available through October, the effects of the stock market crash are *partially* reflected in the leading indexes shown in this report. Thus far, none of the growth rates has turned negative, which means that the latest reading for each composite leading index remains above its average level during the previous twelve months. This is also true for the performance indexes, except Italy where weakness appeared last summer.

Regionally, the leading indexes for the Pacific-area countries continue to advance at a far more robust pace than the rest of the world.

Nationally, the main story this month is South Korea, for which new indexes are introduced in this issue. With a 13% growth rate in its performance index, the Korean economy is at the head of the growth parade by an impressive margin, and the strength of its leading index suggests this rapid pace of advance will continue.

Interpretation: What we know at this point about November data suggests that stock prices will, by themselves, pull down the leading indexes in most countries (as happened in the U.S. and Taiwan). The available November figures for other early moving economic indicators show some negatives, but it is still too soon to know whether the weakness is widespread.

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Australia	3	5	10	5	12	12	5	Expansion continuing	Oct.
Taiwan, R.O.C.	8	11	13	8	17	16	13	Expansion continuing, leaders strong	Nov.
Korea, R.O.K.	7	13	12	13	15	16	20	Expansion continuing, leaders strong	Oct.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1986-87

		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Mar.	86	113	116	113	113	112	119	106	112	124	115
Apr.	86	113	117	114	114	113	121	107	112	124	117
May	86	113	117	114	115	113	120	107	113	125	118
June	86	114	118	114	115	113	121	107	113	125	119
July	86	114	118	115	115	113	122	108	113	125	119
Aug.	86	114	118	115	115	113	122	108	113	125	120
Sept.	86	114	119	115	117	114	122	108	113	126	122
Oct.	86	115	120	116	117	114	122	108	114	127	124
Nov.	86	115	119	116	118	114	121	109	114	126	126
Dec.	86	115	121	116	119	115	124	109	114	127	128
Jan.	87	115	122	117	120	114	124	109	114	128	130
Feb.	87	116	124	117	121	116	127	109	116	128	131
Mar.	87	116	125	117	123	116	128	109	116	129	136
Apr.	87	116	127	117	126	116	129	110	117	128	141
May	87	116	128	117	127	115	128	110	117	128	145
June	87	117	130	118	129	116	130	111	118	130	149
July	87	118	130	119	129	117	131	111	118	131	148
Aug.	87	118	131	119	130	118	132	111	118	131	150
Sept.	87	119	132	120	131	118	132	112	118	133	152
Oct.	87	120	130	121	131	119	130	113	118	133	153

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	1	3	1	3	2	3	2	4	-1
4	3	4	3	4	4	4	3	3	2
3	3	4	4	3	3	4	4	3	4
3	4	4	4	2	3	4	3	4	5
3	4	4	3	2	4	4	3	3	5
3	3	3	3	2	3	4	2	3	5
3	5	4	5	2	4	4	3	4	8
3	4	4	6	2	3	4	3	4	11
3	4	3	6	2	1	3	3	3	13
3	6	3	7	3	4	3	3	4	15
3	7	4	8	2	5	3	3	5	16
3	8	3	9	3	8	3	4	4	16
3	10	3	11	3	8	3	5	4	21
3	12	3	13	3	9	4	5	3	27
3	11	3	14	3	7	3	5	2	30
4	13	4	15	3	10	3	5	4	31
4	11	5	13	4	9	4	5	6	26
4	11	4	12	4	9	3	4	4	25
5	10	5	12	4	8	4	4	7	23
5	7	5	10	5	4	5	3	6	20
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1986-87

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Mar.	86	112	120	116	114	105	111	110	112	104	112	106	112	123	112	118	112	146	154	154	154
Apr.	86	113	122	117	115	107	112	111	113	104	111	106	115	122	114	119	113	144	156	157	158
May	86	112	121	117	115	106	112	111	114	104	111	107	115	123	116	120	114	145	157	160	159
June	86	112	122	117	115	107	112	111	114	104	111	106	114	123	116	121	115	146	159	162	162
July	86	113	122	117	116	108	111	112	115	104	112	107	114	123	116	119	114	149	161	163	166
Aug.	86	113	122	117	116	108	111	112	115	104	112	106	114	123	116	119	114	151	162	167	168
Sept.	86	113	123	117	116	108	111	112	116	105	113	107	115	124	119	120	117	152	163	167	169
Oct.	86	113	123	117	116	108	111	112	116	106	113	107	116	124	121	120	118	154	165	168	169
Nov.	86	114	122	117	116	108	112	113	115	106	113	107	116	124	123	120	119	156	168	169	170
Dec.	86	114	124	118	116	108	112	113	117	106	113	107	116	125	125	121	121	158	169	170	172
Jan.	87	114	125	118	117	108	113	113	117	107	114	107	115	126	128	121	121	159	169	174	172
Feb.	87	115	127	119	118	108	114	113	117	108	115	107	116	126	128	122	123	162	173	177	181
Mar.	87	115	128	120	119	108	114	114	118	108	116	107	117	126	134	123	124	160	174	180	179
Apr.	87	115	129	121	120	110	115	114	120	108	115	108	118	125	140	124	126	164	180	179	182
May	87	115	129	121	120	109	114	115	121	108	116	108	117	125	145	124	127	163	181	180	182
June	87	116	131	122	120	110	115	116	121	109	116	107	118	126	149	127	128	166	182	183	186
July	87	117	132	122	121	110	116	116	121	110	117	108	118	128	148	128	129	168	184	184	190
Aug.	87	117	133	123	121	111	117	116	121	111	117	105	116	128	150	127	130	170	187	179	184
Sept.	87	117	133	124	123	110	116	116	122	112	118		118	129	151	129	129	172	193	190	198
Oct.	87	118	131	124	120	110	117	117	119	112	118		117	130	152	128	128	172	194	190	199
Nov.	87	118	129			111												171	192		
		Growth Rates, Percent																			
Mar.	86	3	2	4	2	4	0	3	2	3	2	2	7	3	-2	6	-4	13	12	11	16
Apr.	86	4	4	5	2	6	1	4	5	3	0	2	10	2	1	6	-2	8	12	14	19
May	86	3	3	4	2	4	2	4	5	3	0	4	10	2	3	5	-1	9	12	16	18
June	86	2	4	3	1	6	1	4	5	3	1	2	7	2	4	6	1	9	13	16	19
July	86	3	4	2	2	6	0	4	6	3	2	3	6	2	4	2	0	11	13	16	22
Aug.	86	2	3	2	2	5	0	4	5	3	1	1	4	2	4	2	0	12	13	19	20
Sept.	86	3	4	2	2	5	0	4	6	3	3	2	5	3	8	2	4	13	12	15	18
Oct.	86	2	3	2	3	4	0	4	6	4	2	2	5	3	11	3	7	13	13	15	16
Nov.	86	2	1	1	1	4	1	3	4	4	2	2	4	2	13	1	8	13	14	13	14
Dec.	86	3	4	2	2	3	2	4	6	4	3	2	4	3	16	3	11	14	13	12	14
Jan.	87	2	5	2	3	2	2	3	5	4	4	2	2	4	18	2	10	13	11	15	11
Feb.	87	3	8	3	4	2	5	3	5	5	5	1	3	3	16	5	11	15	14	16	19
Mar.	87	3	9	4	4	2	4	3	6	4	6	1	3	3	23	5	12	10	13	16	14
Apr.	87	3	9	5	6	3	5	4	8	5	4	2	5	2	30	5	12	13	19	13	15
May	87	3	7	5	6	2	3	4	7	4	5	2	3	1	34	6	12	11	17	11	12
June	87	3	10	6	5	3	5	4	7	5	4	1	4	3	36	8	12	11	15	13	15
July	87	4	9	5	5	3	6	5	6	7	4	1	4	4	29	10	12	12	15	12	16
Aug.	87	4	10	5	5	3	6	4	5	8	4	-3	0	4	28	7	13	13	16	5	8
Sept.	87	4	9	6	7	3	4	4	6	7	5		2	5	25	10	9	13	20	16	22
Oct.	87	5	4	7	2	2	4	5	1	7	5		1	6	22	5	5	11	18	13	20
Nov.	87	4	1			3												8	13		
		Ten Year Annual Growth Rate, Percent																			
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7

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The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — February 1988

WEAKNESS IN LEADERS CASTS SHADOW OVER FURTHER EXPANSION IN EUROPE AND NORTH AMERICA
—Pacific Countries Still Strong

SUMMARY

Worldwide, the business cycle continues to expand, but how much longer this will go on is highly uncertain. The leading indicators have weakened noticeably since September. Although the weakness is not solely in stock prices, it is heavily weighted there.

Regionally, the recent pattern of distinctly more ebullience in the Pacific area and more softness in Europe continues through the latest data.

Nationally, the latest growth rates for South Korea—16 percent for the performance index and 15 percent for the leaders—are again impressively strong. The growth of Japan's leading index—at a 27 percent rate—is even more phenomenal, but Japan's performance index is advancing at a sturdy-but-not-spectacular rate of 6 percent.

Interpretation: In Europe and North America, the weakness in the leaders is now pervasive enough to raise serious questions about the continued viability of the cyclical expansion. The fact that most of the weakness comes from stock prices, however, may be an ameliorating point, since it leaves open the possibility that the crash in stock prices is not in this instance as closely tied to economic prospects as usual. That leaves the outlook unclear, but for now, an indecisive interpretation is all that can be justified.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	3	4	5	12	15	7	Expansion continuing	Nov.
9 countries excl. U.S.	3	3	4	5	15	18	10	Expansion continuing, leaders strong	Nov.
North America (2)	3	3	4	4	7	9	4	Expansion continuing	Nov.
Europe (4)	2	3	4	4	5	5	0	Expansion continuing, leaders weak	Nov.
Pacific Region (4)	4	2	4	6	33	41	24	Expansion continuing, leaders strong	Nov.
United States	3	3	4	5	10	10	3	Expansion continuing	Dec.
Canada	3	5	6	6	5	5	1	Expansion continuing, leaders stalling	Nov.
West Germany	2	2	3	3	3	6	0	Expansion continuing, leaders weak	Nov.
France	2	4	5	5	7	7	-1	Expansion continuing, leaders weak	Nov./Dec.
United Kingdom	2	4	7	7	5	5	0	Expansion continuing, leaders weak	Nov.
Italy	2	2	1	3	3	1	-1	Expansion continuing, leaders weak	Oct./Nov.
Japan	4	1	4	6	38	48	27	Expansion continuing, leaders strong	Nov.
Australia	3	5	7	10	12	13	2	Expansion continuing, leaders stalling	Dec./Nov.
Taiwan, R.O.C.	8	11	12	7	15	20	13	Expansion continuing, leaders strong	Dec.
Korea, R.O.K.	7	11	7	16	12	3	15	Expansion continuing, leaders strong	Nov.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1986-87

		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
May	86	113	117	114	115	113	120	107	113	125	119
June	86	114	118	114	115	113	121	107	113	125	119
July	86	114	118	114	115	113	122	108	113	125	119
Aug.	86	114	118	115	115	113	122	108	113	125	119
Sept.	86	114	119	115	116	114	122	108	113	126	122
Oct.	86	114	119	115	117	114	122	108	114	126	124
Nov.	86	115	119	116	118	114	121	109	114	126	126
Dec.	86	115	121	116	119	115	124	109	114	127	128
Jan.	87	115	122	116	120	114	124	109	114	128	130
Feb.	87	116	124	116	121	116	127	109	116	128	131
Mar.	87	116	125	117	123	116	128	109	116	128	136
Apr.	87	116	128	117	126	116	129	110	117	128	142
May	87	116	128	117	128	116	128	110	117	128	147
June	87	117	131	118	131	116	130	111	118	129	154
July	87	118	132	119	132	117	131	111	118	131	157
Aug.	87	118	134	119	134	118	132	112	118	131	162
Sept.	87	119	134	120	135	118	133	112	119	132	164
Oct.	87	120	134	120	135	119	131	112	118	133	165
Nov.	87	120	133	121	133	119	131	113	117	134	163

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (3)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	3	3	4	3	3	4	4	3	5
3	4	4	4	2	3	4	3	4	5
3	4	4	3	3	4	4	3	3	5
3	3	3	3	2	3	4	2	3	4
3	4	4	5	2	4	4	3	4	8
3	4	3	5	2	3	4	3	4	10
3	4	3	6	2	1	3	3	3	12
3	6	3	7	3	4	3	3	4	15
3	7	3	8	2	5	2	3	5	16
3	8	3	8	3	8	3	4	4	16
3	10	3	11	3	9	2	5	4	22
3	12	3	14	3	9	3	5	3	29
3	12	3	15	3	7	3	5	2	33
3	15	4	18	3	10	3	5	4	39
4	14	4	18	4	9	4	5	5	38
4	15	4	18	4	9	4	5	4	41
5	14	5	17	4	9	4	5	6	37
5	11	5	15	5	6	4	4	6	33
5	7	5	10	4	4	4	0	6	24
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1986-87

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
May	86	112	121	117	115	106	112	111	114	104	111	107	115	123	116	119	114	145	157	160	160
June	86	112	122	117	115	107	112	111	114	104	111	106	114	123	116	121	115	146	159	162	162
July	86	113	122	117	116	108	111	112	115	104	112	107	114	123	116	118	114	149	160	164	166
Aug.	86	113	122	117	116	108	111	112	115	104	112	106	114	123	116	119	115	150	162	167	168
Sept.	86	113	123	118	116	108	111	112	116	105	113	107	115	124	118	119	117	152	163	167	169
Oct.	86	113	123	117	116	108	111	112	116	105	113	107	116	124	121	119	118	154	165	168	169
Nov.	86	114	121	117	116	108	112	113	115	106	113	107	116	124	123	120	119	156	168	169	170
Dec.	86	114	124	118	116	108	112	113	117	106	113	107	116	125	125	120	121	158	169	170	172
Jan.	87	114	125	118	117	108	113	113	117	106	114	107	115	126	128	119	121	158	169	174	172
Feb.	87	115	128	119	118	108	114	113	117	107	115	107	116	126	128	121	123	162	174	177	181
Mar.	87	115	128	120	119	108	114	114	118	107	116	107	117	126	134	120	124	160	174	180	179
Apr.	87	115	129	121	120	110	115	114	121	108	115	106	118	125	141	121	126	163	180	179	182
May	87	115	129	121	120	109	114	115	121	108	116	108	117	125	147	122	127	163	181	180	182
June	87	116	131	122	120	110	116	116	121	109	116	107	118	126	154	123	128	165	182	182	186
July	87	117	132	122	121	110	116	116	121	110	117	107	118	128	158	124	129	168	183	183	187
Aug.	87	117	133	123	121	111	117	116	121	111	117	106	117	128	164	124	130	170	187	181	179
Sept.	87	117	134	124	123	110	116	117	123	111	118	108	118	129	166	126	131	171	192	190	194
Oct.	87	118	132	124	120	110	116	118	121	112	119	109	118	130	167	125	129	171	194	189	196
Nov.	87	118	132	125	120	111	114	118	120	112	116		116	130	165	124	127	171	192	194	196
Dec.	87	119	132						119							129		171	194		
		Growth Rates, Percent																			
May	86	3	3	4	2	4	2	4	6	3	0	4	10	2	5	4	–1	9	12	16	18
June	86	2	4	3	1	6	1	4	5	3	1	2	7	2	5	6	1	9	13	16	20
July	86	3	4	2	2	6	0	4	6	3	2	3	6	2	4	0	0	12	13	17	22
Aug.	86	2	3	2	2	5	0	4	5	3	1	1	4	2	3	1	0	12	13	19	20
Sept.	86	3	4	2	2	5	0	4	6	3	3	2	5	3	7	1	4	13	12	15	18
Oct.	86	2	3	2	2	4	0	4	6	4	2	2	5	3	10	1	7	13	12	14	16
Nov.	86	2	1	1	1	4	1	3	4	4	2	2	4	2	13	1	8	13	14	13	14
Dec.	86	3	4	2	2	3	2	4	6	4	3	2	4	3	15	1	11	14	13	12	14
Jan.	87	2	5	2	3	2	2	3	5	3	3	2	2	4	18	0	10	13	12	15	11
Feb.	87	3	8	3	4	2	5	3	5	4	5	1	3	3	16	2	11	15	15	16	19
Mar.	87	3	9	4	5	2	4	3	6	4	6	1	3	3	24	1	12	11	13	16	14
Apr.	87	3	9	5	6	3	5	4	8	5	4	2	5	2	32	2	12	13	18	13	15
May	87	3	8	5	5	2	3	4	7	4	5	2	3	1	38	3	12	11	17	11	12
June	87	3	10	6	5	3	5	5	7	5	4	0	4	3	45	5	12	11	15	12	15
July	87	4	9	5	5	3	6	5	6	6	5	1	4	4	44	7	12	12	14	11	14
Aug.	87	4	10	6	5	3	6	5	5	7	5	–2	1	4	48	6	13	13	16	7	3
Sept.	87	4	10	6	7	3	4	5	7	6	5	1	3	5	42	7	11	12	20	15	19
Oct.	87	5	6	6	2	2	3	6	3	7	6	3	2	6	37	5	7	10	18	12	17
Nov.	87	4	4	6	1	3	0	5	1	7	0		–1	6	27	3	2	8	13	16	15
Dec.	87	5	3						–1							10		7	13		
		Ten Year Annual Growth Rate, Percent																			
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7

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The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — March 1988

WORLD BUSINESS CYCLE CONTINUES ON UPGRADE BUT SIGNALS POINT TO SLOWDOWN —Europe's Leaders Treading Water

SUMMARY

Worldwide, the economic expansion is continuing, with growth rates averaging about 5 percent annually in the economic performance indexes. In every country the growth rates were positive at the turn of the year. But the leading indicators have slowed in all countries.

Regionally, the Pacific area is where growth prospects are best. Europe is treading water, while North America's leading indicators are down but not out.

Nationally, the contest for first place among the fastest running leading indexes is between Japan, South Korea and Taiwan. In those countries the October stock market crash seems to have been forgotten.

Interpretation: In all the countries except Canada and Japan, the leading index growth rates are lower than they were at the beginning of 1987, suggesting that slower economic growth in 1988 than in 1987 is in prospect. But there is not sufficient weakness in any country to say that a recession—a protracted decline in output and employment—is likely.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	4	5	5	15	14	6	Expansion continuing	Dec.
9 countries excl. U.S.	3	4	5	5	18	17	9	Expansion continuing	Dec.
North America (2)	3	3	4	5	10	9	3	Expansion continuing	Dec.
Europe (4)	2	3	4	3	5	5	0	Expansion continuing, leaders weak	Dec.
Pacific Region (4)	4	4	6	7	39	37	20	Expansion continuing, leaders strong	Dec.
United States	3	4	5	4	9	6	2	Expansion continuing, leaders stalling	Jan.
Canada	3	6	6	7	5	8	5	Expansion continuing	Dec.
West Germany	2	3	3	3	5	5	-1	Expansion continuing, leaders weak	Dec.
France	2	5	5	5	6	3	-2	Expansion continuing, leaders weak	Dec./Jan.
United Kingdom	2	5	6	7	5	5	1	Expansion continuing, leaders weak	Dec.
Italy	2	2	1	4	4	1	0	Expansion continuing, leaders weak	Oct./Dec.
Japan	4	3	5	7	45	42	23	Expansion continuing, leaders strong	Dec.
Australia	3	7	5	5	12	11	2	Expansion continuing, leaders stalling	Jan./Dec.
Taiwan, R.O.C.	8	12	10	3	14	18	9	Expansion continuing	Jan.
Korea, R.O.K.	7	11	12	17	15	16	10	Expansion continuing, leaders strong	Jan./Dec.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1986-87

		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
May	86	113	118	114	115	113	120	107	113	125	119
June	86	114	118	114	115	113	121	107	113	125	119
July	86	114	118	114	115	113	122	108	113	125	119
Aug.	86	114	118	115	115	113	122	108	113	125	119
Sept.	86	114	119	115	116	114	122	108	113	126	122
Oct.	86	114	119	115	117	114	122	108	114	126	124
Nov.	86	115	119	116	118	114	121	109	114	126	126
Dec.	86	115	121	116	119	115	124	109	114	127	128
Jan.	87	115	122	116	120	114	124	109	115	128	130
Feb.	87	116	124	117	121	116	127	109	116	128	131
Mar.	87	116	125	117	123	116	127	109	116	128	136
Apr.	87	116	127	117	126	116	128	110	117	128	142
May	87	116	128	117	128	116	128	110	117	128	147
June	87	117	131	118	131	116	130	111	118	130	154
July	87	118	132	119	132	117	131	111	118	131	157
Aug.	87	118	134	119	134	118	132	112	118	131	162
Sept.	87	119	134	120	135	118	132	112	118	132	164
Oct.	87	120	134	120	135	119	131	113	118	133	165
Nov.	87	120	133	121	134	119	131	113	117	133	163
Dec.	87	120	133	121	134	120	131	113	117	135	164

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (3)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	4	4	4	3	3	4	4	3	5
3	4	4	4	2	3	4	3	4	5
3	4	4	3	3	4	4	3	3	5
3	3	3	3	2	3	4	2	3	4
3	4	4	5	2	4	4	3	4	7
3	4	3	5	2	3	4	3	3	10
3	4	3	6	2	1	3	2	3	12
3	6	3	7	3	4	3	3	4	15
3	7	3	8	2	5	2	3	5	16
3	8	3	8	3	8	3	4	4	16
3	10	3	11	3	9	3	4	4	22
3	12	3	14	3	9	3	5	3	29
3	12	3	15	3	7	3	5	2	33
4	15	4	18	3	10	3	5	4	39
4	14	4	18	4	9	4	5	5	38
4	15	4	18	4	10	4	5	4	41
5	14	5	17	4	9	4	5	6	37
5	11	5	15	5	6	5	4	6	32
5	8	5	10	5	4	4	1	6	23
5	6	5	9	5	3	3	0	7	20
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1986-88

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
May	86	112	121	117	115	106	112	111	114	104	111	107	115	123	116	119	114	145	157	160	160
June	86	112	122	117	115	107	112	111	114	104	111	106	114	123	116	121	115	148	159	162	162
July	86	113	122	117	116	108	111	112	115	104	112	107	114	123	116	118	114	149	160	164	166
Aug.	86	113	122	117	116	108	111	112	115	104	112	106	114	123	116	119	115	150	162	167	168
Sept.	86	113	123	118	116	108	111	112	116	105	113	107	115	124	118	119	117	152	163	167	169
Oct.	86	113	123	117	116	108	111	112	116	105	113	107	116	124	121	119	118	154	165	168	169
Nov.	86	114	122	117	116	108	112	113	115	106	113	107	116	124	123	120	119	156	168	169	170
Dec.	86	114	124	118	116	108	112	113	117	106	113	107	116	125	125	120	121	158	169	170	172
Jan.	87	114	125	118	117	108	113	113	117	106	114	107	115	126	128	119	121	158	169	174	172
Feb.	87	115	127	119	118	108	114	113	117	107	115	107	116	126	128	121	123	162	174	177	181
Mar.	87	115	128	120	119	109	114	114	118	107	116	107	117	126	134	120	124	160	174	180	179
Apr.	87	115	129	121	120	110	115	114	120	108	115	108	118	125	141	121	126	163	180	179	182
May	87	115	129	121	120	109	114	115	121	108	116	108	117	125	147	122	127	163	181	180	182
June	87	116	131	122	120	110	116	116	121	109	116	107	118	127	154	123	128	165	182	182	186
July	87	117	132	122	121	110	116	116	121	110	117	107	116	128	158	124	129	168	183	183	187
Aug.	87	117	133	123	121	111	117	116	121	111	117	106	117	128	164	124	130	170	187	181	180
Sept.	87	117	133	124	123	111	116	117	122	111	118	108	117	129	165	126	131	171	192	190	185
Oct.	87	118	132	125	122	111	117	118	121	112	118	109	118	130	167	125	129	171	194	189	188
Nov.	87	118	131	125	123	111	115	118	120	112	117		116	130	165	125	127	171	192	194	188
Dec.	87	119	131	126	123	112	115	118	120	113	117		117	131	166	128	128	170	193	197	193
Jan.	88	119	132						119							126		168	193	200	
		Growth Rates, Percent																			
May	86	3	3	4	2	4	2	4	6	3	0	4	10	2	5	4	–1	9	12	16	18
June	86	2	3	3	1	6	1	4	5	3	1	2	7	3	5	6	1	9	13	16	20
July	86	3	4	2	2	6	0	4	6	3	2	3	6	2	4	0	0	12	13	17	22
Aug.	86	2	3	2	2	5	0	4	5	3	1	1	4	2	3	1	0	12	13	19	20
Sept.	86	3	4	2	2	5	0	4	6	3	3	2	5	3	7	1	4	13	12	15	18
Oct.	86	2	3	2	2	4	0	4	6	3	2	2	5	3	10	1	7	13	12	14	16
Nov.	86	2	1	1	1	4	1	3	4	4	2	2	4	2	13	1	8	13	14	13	14
Dec.	86	3	4	2	2	3	2	4	5	4	2	2	4	3	15	1	11	14	13	12	14
Jan.	87	2	5	2	3	2	2	3	4	3	4	2	2	4	18	0	10	13	12	15	11
Feb.	87	3	8	3	4	2	5	3	4	4	5	1	3	3	16	2	11	15	15	16	19
Mar.	87	3	8	4	5	2	4	3	5	4	5	1	3	3	24	1	12	11	13	16	14
Apr.	87	3	9	5	6	3	5	4	8	5	4	2	5	1	32	2	12	13	18	13	15
May	87	3	8	5	5	2	3	4	7	4	5	2	3	1	38	3	12	11	17	11	12
June	87	3	10	6	5	3	5	5	7	5	4	0	4	3	45	5	12	11	15	12	15
July	87	4	9	5	5	3	6	5	6	6	5	1	4	4	45	7	12	12	14	11	14
Aug.	87	4	10	6	5	3	6	5	6	7	5	–2	1	4	48	6	13	13	16	7	4
Sept.	87	4	9	6	8	3	5	5	6	6	5	1	1	5	42	7	11	12	20	15	19
Oct.	87	5	6	7	5	3	4	5	3	7	5	4	2	5	37	5	7	10	18	12	9
Nov.	87	4	4	7	5	3	1	5	2	7	3		–1	6	27	4	2	8	13	16	8
Dec.	87	5	3	7	5	3	–1	5	0	7	1		0	7	23	6	2	6	12	16	10
Jan.	88	4	2						–2							5		3	9	17	
		Ten Year Annual Growth Rate, Percent																			
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7

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The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — April 1988

STEADY GAINS FOR WORLD ECONOMY
MIXED SIGNALS FOR FUTURE
—But Recession Threat Seems More Remote

SUMMARY

Worldwide, the major economies continue to expand at a sturdy pace. As we look ahead, the leading indexes are sending mixed signals: favorable if you ignore last Fall's plunge in stock prices, otherwise cautionary.

Regionally, the pattern of the past year continues: In the Pacific Region the expansion is gaining strength, while the sluggishness in Europe promises to persist.

Nationally, South Korea is far out in front in terms of vigorous growth in both indexes, while West Germany is the cellar-dweller.

Interpretation: The signals are slightly more encouraging this month, and thus the threat of a recession near term is more remote. But the possibility cannot be ruled out, except perhaps in South Korea, Taiwan and Japan.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	4	5	5	14	10	4	Expansion continuing	Jan.
9 countries excl. U.S.	3	4	5	5	18	12	5	Expansion continuing	Jan.
North America (2)	3	4	5	5	9	7	3	Expansion continuing	Jan.
Europe (4)	2	4	4	5	5	3	0	Expansion continuing, leaders weak	Jan.
Pacific Region (4)	4	5	6	6	39	26	13	Expansion continuing, leaders strong	Jan.
United States	3	4	5	5	10	5	3	Expansion continuing	Feb.
Canada	3	5	7	6	5	4	6	Expansion continuing	Jan.
West Germany	2	3	4	3	5	4	0	Expansion continuing, leaders weak	Feb./Jan.
France	2	5	5	5	6	2	1	Expansion continuing, leaders weak	Jan./Feb.
United Kingdom	2	6	6	7	5	4	2	Expansion continuing, leaders weak	Jan.
Italy	2	1	4	6	4	1	2	Expansion continuing, leaders weak	Jan./Dec.
Japan	4	3	6	9	45	30	13	Expansion continuing, leaders strong	Feb./Jan.
Australia	3	7	6	9	12	5	3	Expansion continuing	Feb.
Taiwan, R.O.C.	8	13	8	9	16	13	13	Expansion continuing, leaders strong	Feb.
Korea, R.O.K.	7	11	12	17	14	9	24	Expansion continuing, leaders strong	Jan.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1986-87

		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
July	86	114	118	114	115	113	122	108	112	125	119
Aug.	86	114	118	114	115	113	122	108	113	125	120
Sept.	86	114	119	115	116	114	122	108	113	126	122
Oct.	86	114	119	115	117	114	122	108	113	126	124
Nov.	86	115	119	115	118	114	121	109	113	126	126
Dec.	86	115	121	116	119	115	124	109	114	127	128
Jan.	87	115	122	116	120	114	124	109	114	128	131
Feb.	87	116	124	116	121	116	127	109	115	128	132
Mar.	87	116	125	117	123	116	127	109	116	128	136
Apr.	87	116	127	117	126	116	128	110	117	128	142
May	87	116	128	117	127	116	128	110	117	128	146
June	87	117	131	118	130	116	130	111	117	129	153
July	87	118	132	119	132	117	131	111	118	130	157
Aug.	87	118	134	119	134	118	132	111	118	130	163
Sept.	87	119	134	120	134	118	133	112	118	132	163
Oct.	87	120	133	120	133	119	132	112	118	133	161
Nov.	87	120	132	121	132	119	131	113	117	134	158
Dec.	87	121	132	122	132	120	131	113	116	135	158
Jan.	88	121	132	122	132	120	132	114	117	135	160

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (3)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	3	4	3	2	4	4	3	3	5
3	3	3	3	2	3	4	2	3	5
3	4	4	5	2	4	4	3	4	8
3	4	4	6	2	3	4	3	4	11
3	4	3	6	2	1	4	2	3	12
3	6	3	8	3	4	3	3	4	15
3	7	3	8	2	5	3	3	5	17
3	9	3	9	3	8	3	4	4	17
3	10	3	11	3	9	3	4	4	22
3	12	3	13	3	9	3	5	3	28
3	12	3	14	3	7	3	5	2	31
3	14	4	17	3	10	3	5	4	38
4	14	4	18	4	9	4	5	5	39
4	15	4	19	4	9	4	5	4	42
5	13	5	18	4	9	4	4	6	35
5	10	5	12	5	7	4	3	6	26
5	6	6	8	5	5	5	1	7	17
5	5	6	6	5	3	4	0	8	14
5	4	5	5	5	3	5	0	6	13
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1986-88

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
July	86	113	122	117	116	108	111	112	115	104	112	107	113	123	116	118	114	149	160	164	166
Aug.	86	113	122	117	116	108	111	112	115	104	112	106	113	123	116	119	115	150	162	167	168
Sept.	86	113	123	118	116	108	111	112	116	105	113	107	113	124	119	118	116	152	163	167	169
Oct.	86	113	123	117	116	108	111	112	116	105	113	107	114	124	121	119	118	154	165	168	169
Nov.	86	114	122	117	116	108	112	113	115	106	113	107	114	124	123	120	119	156	168	169	170
Dec.	86	114	124	118	116	108	112	113	117	106	113	107	115	125	126	119	121	158	169	170	172
Jan.	87	114	125	118	117	108	113	113	117	106	115	107	114	126	128	119	121	158	169	174	172
Feb.	87	115	128	119	118	108	114	113	117	107	115	107	115	125	129	120	122	162	174	177	181
Mar.	87	115	128	120	119	108	114	114	118	107	116	107	116	125	135	120	124	160	174	180	179
Apr.	87	116	129	121	120	109	114	114	120	108	115	108	117	125	141	121	125	163	180	179	182
May	87	116	129	121	120	109	114	115	121	108	117	108	116	124	146	122	126	163	181	180	182
June	87	116	132	122	120	110	115	116	121	109	116	107	117	126	154	123	127	165	182	182	186
July	87	117	132	122	121	110	116	116	121	110	117	108	117	127	158	125	128	168	183	183	187
Aug.	87	117	133	123	121	110	117	116	121	110	117	106	115	127	166	125	130	170	187	181	180
Sept.	87	118	134	124	123	110	116	117	122	111	117	108	116	129	164	126	130	171	192	190	195
Oct.	87	118	133	125	122	110	116	118	121	112	118	109	116	129	162	126	130	171	194	189	188
Nov.	87	116	132	125	123	111	115	118	120	112	117	109	115	130	158	126	129	171	192	194	195
Dec.	87	119	132	126	123	111	114	118	120	113	116	108	114	131	159	129	129	170	193	197	200
Jan.	88	119	132	126	124	111	115	119	120	113	117	111		131	160	127	128	168	192	200	209
Feb.	88	120	133			112			121					134		130	129	174	198		
Growth Rates, Percent																					
July	86	2	4	2	2	6	– 1	4	6	3	2	3	4	2	4	1	0	12	13	17	22
Aug.	86	2	3	2	2	5	0	4	5	2	1	1	3	2	4	2	1	12	13	19	20
Sept.	86	2	4	2	2	5	0	4	6	3	3	2	4	3	8	1	5	13	12	15	18
Oct.	86	2	3	2	2	4	0	4	6	4	2	2	4	3	11	2	7	13	12	14	16
Nov.	86	2	1	1	1	4	1	3	4	4	3	2	4	2	13	2	8	13	14	13	14
Dec.	86	3	4	2	2	3	2	4	5	4	3	2	3	3	16	1	10	14	13	12	14
Jan.	87	2	5	2	3	2	3	3	4	4	5	2	2	4	19	1	10	13	12	15	11
Feb.	87	4	8	3	4	2	5	3	4	5	5	1	3	3	17	3	10	15	15	16	19
Mar.	87	3	8	4	5	2	3	3	5	4	5	1	3	3	24	2	12	11	13	16	14
Apr.	87	3	9	5	6	3	4	4	8	5	4	2	5	1	31	3	12	13	18	13	15
May	87	3	8	5	5	2	3	4	7	4	6	2	3	1	35	4	13	11	17	11	12
June	87	3	10	6	5	2	4	5	7	5	4	1	4	3	44	6	12	11	15	12	15
July	87	4	9	5	5	3	5	5	6	6	5	1	3	4	45	8	11	12	14	11	14
Aug.	87	4	10	6	5	3	6	5	6	6	5	–1	0	3	50	7	12	13	16	7	4
Sept.	87	4	10	6	8	3	4	5	6	6	4	1	1	5	39	8	12	12	20	15	19
Oct.	87	5	7	7	4	3	4	5	3	6	4	4	1	6	30	7	9	10	18	12	9
Nov.	87	5	5	7	5	4	1	5	2	7	1	3	0	6	18	6	5	8	13	16	15
Dec.	87	5	3	7	5	3	–1	5	1	7	0	2	2	7	15	10	5	6	12	16	17
Jan.	88	5	3	6	6	2	0	5	– 1	7	2	6		6	13	6	3	3	9	17	24
Feb.	88	5	3			3			1					9		9	3	9	13		
Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7

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The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — May 1988

WORLD BUSINESS EXPANSION CONTINUES —Strong in the Pacific Region

SUMMARY

Worldwide, the long expansion of the business cycle continues. For the future, however, the leading indexes are putting out ambivalent signals.

Regionally, only the Pacific area shows strength. Elsewhere, economic activity is advancing in pedestrian fashion and the leading indexes are tracing an uneven and indecisive pattern.

Nationally, all four Pacific region countries are vying for the title of fastest growing economy. Based on the movement of both the performance and leading indexes, South Korea shows the greatest strength.

Interpretation: For the most part, the latest readings on the world business cycle provide little to cheer about but little basis for melancholy either. And, as Gilbert and Sullivan observed, it's no good when "there's nothing whatever to grumble at."

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	4	5	5	15	6	3	Expansion continuing	Feb.
9 countries excl. U.S.	3	4	6	6	19	8	5	Expansion continuing	Feb.
North America (2)	3	4	5	5	9	4	2	Expansion continuing	Feb.
Europe (4)	2	4	5	4	4	1	1	Expansion continuing, leaders weak	Feb.
Pacific Region (4)	4	5	7	9	42	17	9	Expansion continuing	Feb.
United States	3	4	5	5	8	3	2	Expansion continuing	Mar.
Canada	3	6	7	5	5	6	3	Expansion continuing	Feb.
West Germany	2	3	4	3	6	1	1	Expansion continuing, leaders weak	Feb.
France	2	5	5	5	7	2	3	Expansion continuing	Feb./Mar.
United Kingdom	2	6	6	5	5	1	0	Expansion continuing, leaders weak	Feb.
Italy	2	1	4	7	-1	-1	-2	Expansion continuing, leaders weak	Jan./Feb.
Japan	4	4	7	9	50	19	10	Expansion continuing, leaders strong	Feb.
Australia	3	8	10	14	12	5	3	Expansion continuing	Mar./Feb.
Taiwan, R.O.C.	8	12	6	4	20	12	13	Expansion continuing, leaders strong	Mar.
Korea, R.O.K.	7	12	13	12	19	14	17	Expansion continuing, leaders strong	Mar.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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845 Third Avenue, New York, N.Y. 10022 / (212) 759-0900

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INDEXES, WORLDWIDE AND BY REGION, 1986-87

		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
July	86	114	118	115	115	113	121	108	113	125	119
Aug.	86	114	118	115	115	113	121	108	113	125	120
Sept.	86	115	119	115	116	114	122	108	113	127	122
Oct.	86	115	120	116	117	114	122	108	113	127	124
Nov.	86	115	120	116	118	114	121	109	114	127	126
Dec.	86	116	121	116	119	115	123	109	114	128	128
Jan.	87	116	122	117	120	114	124	109	115	129	131
Feb.	87	116	124	117	121	116	127	109	115	129	132
Mar.	87	116	125	117	123	116	128	109	116	129	137
Apr.	87	117	127	118	126	116	129	110	116	129	142
May	87	117	128	118	127	116	128	110	116	129	148
June	87	117	131	118	130	116	131	111	117	131	153
July	87	118	132	119	132	117	131	111	118	132	157
Aug.	87	118	134	119	134	118	132	111	118	132	163
Sept.	87	119	134	120	134	118	132	112	118	134	163
Oct.	87	120	133	121	134	119	132	112	118	134	161
Nov.	87	120	132	122	132	119	131	113	117	135	158
Dec.	87	121	132	122	132	120	131	113	117	136	159
Jan.	88	121	133	123	133	120	131	114	117	137	161
Feb.	88	122	133	123	133	120	132	113	118	139	160

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (3)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	3	4	3	2	3	4	3	3	5
3	3	3	3	2	2	3	2	3	5
3	4	4	5	2	3	4	3	4	8
3	5	4	6	2	3	4	3	4	11
3	4	3	6	2	1	3	3	3	13
3	6	3	8	3	4	3	3	4	15
3	7	4	8	2	4	3	4	5	17
3	9	3	9	3	9	3	4	4	17
3	10	3	11	3	9	3	4	4	22
3	12	3	13	3	9	3	5	3	28
3	12	3	14	3	8	3	4	2	31
4	15	4	17	3	11	3	5	4	38
4	14	5	17	4	10	4	5	6	39
4	15	4	19	4	9	4	4	5	42
5	13	5	16	4	8	4	4	7	35
5	10	5	12	5	7	4	3	7	27
5	6	6	8	5	4	5	1	7	17
5	5	6	6	5	3	4	1	7	14
5	5	6	6	5	3	5	1	7	13
5	3	6	5	5	2	4	1	9	9
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1986-88

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
July	86	113	122	117	116	108	111	112	115	104	112	107	113	124	116	118	114	149	160	163	166
Aug.	86	113	122	117	116	108	111	112	115	104	112	106	113	124	116	119	115	150	162	167	169
Sept.	86	113	123	118	116	108	111	112	116	105	113	107	113	125	119	118	116	152	163	166	170
Oct.	86	113	123	117	116	108	111	112	116	105	113	107	114	126	121	119	118	154	165	168	171
Nov.	86	114	122	117	116	108	112	112	116	106	113	107	114	125	123	120	119	156	168	169	171
Dec.	86	114	124	118	116	108	112	113	117	106	113	107	115	126	126	119	121	158	169	170	173
Jan.	87	114	124	118	117	108	113	113	117	106	115	107	114	127	128	119	121	158	169	173	172
Feb.	87	115	128	119	118	108	114	114	117	107	115	107	115	127	129	120	122	162	174	176	182
Mar.	87	115	129	120	119	108	114	114	118	107	116	107	115	127	135	120	124	160	174	178	181
Apr.	87	116	129	121	120	109	114	114	120	108	115	108	117	126	141	121	125	163	180	178	184
May	87	116	129	121	120	109	114	115	120	108	116	108	116	126	146	122	126	163	181	179	184
June	87	116	132	122	120	110	115	116	120	109	116	107	117	128	154	123	127	165	182	182	188
July	87	117	132	122	121	110	116	116	121	110	117	108	116	129	158	125	128	168	183	182	189
Aug.	87	117	133	123	121	110	117	116	121	110	117	106	114	129	166	125	130	170	187	181	181
Sept.	87	118	133	124	123	110	116	117	122	111	117	108	115	131	164	126	130	171	192	186	196
Oct.	87	118	133	125	122	110	116	118	121	111	117	109	116	132	163	126	130	171	194	185	188
Nov.	87	118	132	125	123	111	115	118	121	112	116	109	115	132	158	126	129	171	192	190	195
Dec.	87	119	132	126	123	111	115	118	121	112	116	109	114	133	159	129	129	170	193	193	198
Jan.	88	119	132	126	124	111	116	119	120	113	117	112	115	134	161	127	128	168	192	195	204
Feb.	88	120	132	126	123	112	116	119	122	112	116		114	136	161	130	130	175	196	196	204
Mar.	88	120	133						123							134		171	200	197	208
		Growth Rates, Percent																			
July	86	2	3	2	2	6	– 1	4	6	3	2	3	4	2	4	1	0	12	13	16	21
Aug.	86	2	2	2	2	5	0	4	6	2	1	1	3	2	4	2	1	12	13	19	22
Sept.	86	2	3	2	2	5	0	4	7	3	3	2	4	3	8	1	5	13	12	15	19
Oct.	86	2	3	2	2	4	0	4	6	3	2	2	4	3	11	2	7	13	12	15	17
Nov.	86	2	1	1	1	4	1	3	4	4	3	2	4	2	13	2	8	13	14	14	15
Dec.	86	3	4	2	2	3	2	4	6	4	3	2	3	3	16	1	10	14	13	13	15
Jan.	87	2	4	2	3	2	3	3	5	3	5	2	2	5	19	1	10	13	12	15	11
Feb.	87	4	9	3	4	2	5	3	4	4	5	1	3	3	18	3	10	15	15	15	21
Mar.	87	3	9	4	5	2	4	3	5	4	5	1	3	3	24	2	12	11	13	16	15
Apr.	87	3	9	5	6	3	4	4	7	5	4	2	4	2	31	3	12	13	18	13	16
May	87	3	8	5	5	2	3	4	6	4	5	2	2	1	35	4	13	11	17	11	13
June	87	3	11	6	5	2	4	5	6	5	4	1	4	3	44	6	12	11	15	12	16
July	87	4	10	5	5	3	5	5	6	6	5	1	3	5	45	8 –	11	12	14	11	14
Aug.	87	4	10	6	5	3	6	5	5	6	5	–1	–1	4	50	7	12	13	16	8	4
Sept.	87	4	8	6	6	3	4	5	7	6	4	1	0	6	40	8	12	12	20	12	19
Oct.	87	5	7	7	4	3	4	5	4	6	3	4	1	6	30	7	9	10	18	9	7
Nov.	87	5	4	7	6	4	1	5	3	6	1	3	–1	7	19	6	5	8	13	12	13
Dec.	87	5	3	7	5	3	0	5	2	6	0	3	–2	7	15	10	4	6	12	13	14
Jan.	88	4	2	6	6	2	1	5	1	6	2	7	–1	7	14	6	3	3	9	13	18
Feb.	88	5	2	5	3	3	1	5	3	5	0		–2	9	10	9	3	10	11	13	15
Mar.	88	5	2						3							14		4	13	12	17
		Ten Year Annual Growth Rate, Percent																			
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7

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The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — June 1988

MAJOR ECONOMIES CONTINUE TO ADVANCE —Leading Indexes Inconclusive

SUMMARY

Worldwide, the economic expansion continues to move ahead nicely, but the leading indexes are going noplace fast.

Regionally, all three sectors (and most countries) show the same pattern: sturdy growth for the economy, but leading indexes that are meandering aimlessly.

Interpretation: The indexes are difficult to decipher. All countries can take satisfaction in the continued moderately robust advance of their economies. But since the stock markets all crased last October, the leading indexes are giving no decisive signal—neither strength nor weakness—for the future. Perhaps it's a signal for a pause or slowdown in growth, but if so none of the economic performance indexes is paying any attention to it. Instead, they roll merrily along.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	5	6	6	13	5	3	Expansion continuing	Mar.
9 countries excl. U.S.	3	5	6	6	16	6	4	Expansion continuing	Mar.
North America (2)	3	4	6	6	8	3	2	Expansion continuing	Mar.
Europe (4)	2	4	4	5	4	0	2	Expansion continuing	Mar.
Pacific Region (4)	4	7	7	9	35	14	7	Expansion continuing	Mar.
United States	3	5	5	5	7	2	2	Expansion continuing	Apr.
Canada	3	6	7	5	8	4	7	Expansion continuing	Mar.
West Germany	2	3	3	3	4	0	1	Expansion continuing, leaders weak	Mar./Apr.
France	2	5	5	5	4	1	1	Expansion continuing, leaders weak	Mar./Apr.
United Kingdom	2	6	6	5	4	0	1	Expansion continuing, leaders weak	Mar.
Italy	2	1	3	5	0	-2	-1	Expansion continuing, leaders weak	Jan./Mar.
Japan	4	6	7	8	39	15	7	Expansion continuing	Mar.
Australia	3	7	9	14	11	4	4	Expansion continuing	Mar.
Taiwan, R.O.C.	8	10	3	1	18	9	12	Expansion continuing, leaders strong	Apr.
Korea, R.O.K.	7	9	18	10	8	16	7	Expansion continuing	Apr.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
July	86	114	118	115	115	113	121	108	113	126	120
Aug.	86	114	118	115	115	113	121	108	113	126	120
Sept.	86	115	119	115	116	114	122	108	113	127	122
Oct.	86	115	120	116	117	114	122	108	113	127	124
Nov.	86	115	119	116	118	114	121	109	114	127	126
Dec.	86	116	121	116	119	115	124	109	114	128	128
Jan.	87	116	122	117	120	114	124	109	115	129	131
Feb.	87	116	124	117	121	116	127	109	115	129	132
Mar.	87	116	126	117	123	116	128	109	116	129	137
Apr.	87	117	127	118	126	116	129	110	116	129	142
May	87	117	128	118	127	116	129	110	116	129	146
June	87	118	131	118	130	116	131	111	117	131	153
July	87	118	132	119	132	117	131	111	118	132	157
Aug.	87	118	134	120	134	118	132	111	118	132	164
Sept.	87	119	134	120	134	118	132	112	118	134	163
Oct.	87	120	133	121	134	119	132	112	118	134	161
Nov.	87	120	132	122	132	119	131	113	117	135	158
Dec.	87	121	132	122	132	120	131	113	117	136	158
Jan.	88	121	133	123	133	120	131	114	117	137	160
Feb.	88	122	133	124	133	121	132	114	117	139	160
Mar.	88	123	133	124	134	122	132	114	118	139	161

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (3)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	3	4	3	2	3	4	3	3	5
3	3	3	3	2	2	3	2	3	5
3	4	4	5	2	3	4	3	4	8
3	5	4	6	2	3	3	3	4	11
3	4	3	6	2	1	3	3	3	13
3	6	3	8	3	4	3	3	4	15
3	7	4	8	2	4	3	4	6	17
4	9	3	9	4	9	3	4	4	17
3	10	3	11	3	9	3	4	4	22
3	12	3	13	3	9	3	5	3	28
3	12	3	14	3	8	3	4	2	31
4	15	4	17	3	11	3	5	5	38
4	14	5	17	4	10	4	5	6	39
4	15	4	19	4	9	4	4	5	43
5	13	5	16	4	8	4	4	7	35
5	10	5	12	5	7	4	3	6	26
5	6	6	8	5	4	5	1	7	17
6	5	6	6	6	3	4	0	7	14
5	4	6	6	5	2	4	1	8	13
6	3	7	4	5	2	5	1	10	9
6	3	6	4	6	2	5	2	9	7
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1986-88

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead
July	86	113	122	117	116	108	111	112	115	104	112	106	113	124	116	118	114	149	160	163	166
Aug.	86	113	122	117	116	108	111	112	115	104	112	106	113	124	116	119	115	150	162	167	168
Sept.	86	113	123	118	116	108	111	112	116	105	113	107	113	125	119	119	116	152	163	165	169
Oct.	86	113	123	117	116	108	111	112	116	105	113	107	114	126	121	119	118	154	165	167	170
Nov.	86	114	122	117	116	108	112	112	116	106	113	107	114	125	123	119	119	156	168	168	170
Dec.	86	114	124	118	116	108	112	113	117	106	113	107	115	126	126	119	121	158	169	170	173
Jan.	87	114	124	118	117	108	113	113	117	106	115	107	114	127	128	119	121	158	169	173	171
Feb.	87	115	128	119	118	108	114	114	117	107	115	107	115	127	129	120	122	162	174	176	181
Mar.	87	115	129	120	119	108	114	114	118	107	116	107	115	127	135	120	124	160	174	179	180
Apr.	87	116	130	121	120	109	114	114	120	108	115	108	117	127	141	121	125	163	180	179	182
May	87	116	129	121	120	109	114	115	120	108	116	108	116	126	146	122	126	163	181	179	183
June	87	116	132	122	120	110	115	116	120	109	116	108	117	128	154	123	127	165	182	182	188
July	87	117	132	122	121	110	116	116	121	109	117	108	116	129	158	125	128	168	183	183	189
Aug.	87	117	133	123	121	110	117	116	121	110	117	106	114	130	166	125	129	170	187	182	182
Sept.	87	118	133	124	124	110	116	117	122	110	117	105	115	131	164	126	130	171	192	187	197
Oct.	87	118	133	125	122	110	116	118	121	111	117	109	116	132	162	126	130	171	194	186	188
Nov.	87	118	132	125	123	111	115	118	121	112	116	109	115	132	159	126	128	171	192	190	195
Dec.	87	120	132	126	123	112	115	118	121	112	116	109	114	133	159	128	129	170	193	196	198
Jan.	88	120	132	126	125	111	116	119	121	112	117	111	113	134	161	128	129	168	192	200	202
Feb.	88	120	132	126	124	112	116	119	122	112	117		113	136	161	130	129	175	196	204	202
Mar.	88	121	133	127	126	113	116	120	123	113	117		115	136	161	134	130	170	201	204	206
Apr	88	121	133			112			122									169	202	200	200
Growth Rates, Percent																					
July	86	2	3	2	2	6	– 1	4	6	2	2	2	4	2	4	1	0	12	13	16	21
Aug.	86	2	2	2	2	5	0	4	6	2	1	0	3	2	4	2	1	12	13	18	20
Sept.	86	2	3	2	2	5	0	4	7	3	3	2	4	3	8	1	5	13	12	14	18
Oct.	86	2	3	2	2	4	0	4	6	3	2	2	4	3	11	2	7	13	12	14	16
Nov.	86	2	1	1	1	4	0	3	4	4	3	2	4	2	13	2	8	13	14	13	14
Dec.	86	3	5	2	2	3	2	4	6	4	3	2	3	3	16	1	10	14	13	12	14
Jan.	87	2	4	2	3	2	3	3	5	3	5	2	2	5	19	0	10	13	12	14	10
Feb.	87	4	9	3	4	2	5	3	4	4	5	1	3	3	25	2	12	11	13	17	15
Mar.	87	3	9	4	5	2	4	3	5	4	5	1	3	3	25	2	12	11	13	17	15
Apr.	87	3	9	5	6	3	4	4	7	4	4	2	4	2	31	3	12	13	18	13	15
May	87	3	8	5	5	2	3	4	6	4	6	2	2	1	35	4	13	11	17	12	13
June	87	3	11	6	5	2	4	5	6	5	4	1	4	4	44	6	12	11	15	13	16
July	87	4	10	5	5	3	5	5	– 6	5	5	1	3	5	45	8	11	12	14	12	15
Aug.	87	4	10	6	5	3	6	5	5	6	5	–1	–1	5	50	7	12	13	16	8	5
Sept.	87	4	8	6	8	3	4	5	7	6	4	2	0	6	39	7	11	12	20	13	20
Oct.	87	5	7	7	4	3	4	5	4	6	3	3	1	6	30	7	8	10	18	9	8
Nov.	87	5	4	7	6	4	1	5	3	6	1	3	–1	7	19	6	5	8	13	13	14
Dec.	87	5	3	7	4	4	0	5	2	6	0	3	–2	7	15	9	4	6	12	16	15
Jan.	88	5	2	6	6	3	1	5	1	6	2	5	–3	7	14	7	3	3	9	18	16
Feb.	88	5	2	5	4	4	1	5	2	5	0		–3	9	10	9	3	10	11	20	14
Mar.	88	6	2	5	7	5	1	5	4	4	1		–1	8	7	14	4	2	14	18	16
Apr.	88	5	2			3			1									1	12	10	7
Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7

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The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — July 1988

GLOBAL ECONOMIC EXPANSION PERSISTS —Signs of Recession All But Invisible

SUMMARY

Worldwide, the business cycle continues on the upswing in every major country. The leading indexes are also climbing, suggesting further gains in economic activity ahead, but at a moderate pace.

Regionally, the picture is nearly identical in every major area. This represents a change from the earlier pattern, which showed the Pacific countries advancing more rapidly and Europe more sluggishly.

Nationally, the advance of the leading index for Japan has cooled down while the German and French leading indexes now look stronger. The closest thing to weakness is found in the U.K leading index, the only one with a negative growth rate (-1%) at the latest reading. But genuine signals of recession are nowhere to be found.

Interpretation: The long steady economic advance of the major industrial countries just keeps rolling along, as it has for more than 5½ years. The leading indexes are giving no signs of recession. Rather, they suggest further moderate growth ahead.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	5	6	6	10	4	3	Expansion continuing	Apr.
9 countries excl. U.S.	3	5	6	6	12	5	3	Expansion continuing	Apr.
North America (2)	3	5	5	5	7	3	3	Expansion continuing	Apr.
Europe (4)	2	4	5	5	3	2	3	Expansion continuing	Apr.
Pacific Region (4)	4	7	8	7	26	9	3	Expansion continuing	Apr.
United States	3	5	5	4	4	2	1	Expansion continuing	May.
Canada	3	7	6	5	4	6	4	Expansion continuing	Apr.
West Germany	2	3	3	3	4	5	7	Expansion continuing, leaders stronger	Apr.
France	2	6	5	5	3	3	4	Expansion continuing, leaders stronger	Apr./May
United Kingdom	2	6	7	7	3	2	-1	Expansion continuing, leaders weak	Apr.
Italy	2	1	3	5	1	-3	1	Expansion continuing, leaders weak	Jan./Apr.
Japan	4	6	8	7	30	9	2	Expansion continuing	Apr.
Australia	3	7	7	10	8	3	4	Expansion continuing	Apr.
Taiwan, R.O.C.	8	8	10	3	13	11	15	Expansion continuing, leaders strong	May
Korea, R.O.K.	7	9	18	10	8	16	7	Expansion continuing	Apr.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1986-87

		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
July	86	114	118	115	115	113	121	108	113	126	120
Aug.	86	114	116	115	115	113	121	108	113	126	120
Sept.	86	115	119	115	116	114	122	108	113	127	122
Oct.	86	115	120	116	117	114	122	108	113	127	124
Nov.	86	115	119	116	118	114	121	109	113	127	126
Dec.	86	116	121	116	119	115	124	109	114	128	128
Jan.	87	115	122	116	120	114	124	109	115	129	131
Feb.	87	116	124	117	121	116	127	109	115	129	132
Mar.	87	116	126	117	123	116	128	109	116	130	137
Apr.	87	117	127	118	126	116	129	110	116	129	142
May	87	117	128	118	127	116	129	110	116	129	146
June	87	117	131	118	130	116	131	111	117	131	153
July	87	118	132	119	132	117	132	111	118	132	157
Aug.	87	119	134	120	134	118	132	111	118	132	164
Sept.	87	119	134	120	134	118	132	112	118	134	163
Oct.	87	120	133	121	134	119	132	112	118	134	161
Nov.	87	120	132	122	132	119	131	113	117	135	158
Dec.	87	121	132	122	132	120	131	113	117	136	157
Jan.	88	122	132	123	132	120	132	114	118	137	157
Feb.	88	123	133	124	132	121	132	114	119	140	156
Mar.	88	123	133	125	133	122	133	115	120	140	157
Apr.	88	123	134	125	134	122	133	115	120	140	158

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (3)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	3	4	3	2	3	4	3	3	5
3	3	3	3	2	2	3	2	3	5
3	4	4	5	2	3	4	3	4	8
3	5	4	6	2	3	3	3	4	11
3	4	3	6	2	1	3	2	3	13
3	6	3	8	3	4	3	3	4	15
3	7	3	8	2	4	3	4	6	17
4	9	4	9	4	9	3	4	4	17
3	10	3	11	3	9	3	4	4	22
3	12	3	13	3	9	3	5	3	28
3	12	3	14	3	8	3	4	2	31
4	15	4	17	3	11	3	5	4	38
4	15	5	17	4	10	4	5	6	39
4	15	4	19	4	9	4	4	5	43
5	13	5	16	4	9	4	4	6	35
5	10	5	12	5	7	4	3	7	26
5	6	6	8	5	4	5	1	7	17
6	5	6	6	6	3	5	1	8	12
6	4	6	5	5	3	5	2	8	9
7	3	7	4	6	3	5	3	11	5
7	3	7	4	6	3	5	4	10	3
6	3	6	3	5	3	5	3	7	3
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1986-88

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
July	86	113	122	117	116	108	111	112	115	104	112	106	113	124	116	118	114	149	160	163	166
Aug.	86	113	122	117	116	108	111	112	115	104	112	106	113	124	116	119	115	150	162	167	168
Sept.	86	113	123	117	116	108	111	112	116	105	113	107	113	125	119	119	116	152	163	165	169
Oct.	86	113	123	117	116	108	111	112	116	105	113	107	114	126	121	119	118	154	165	167	170
Nov.	86	114	122	118	116	108	112	113	116	106	113	107	114	125	123	119	119	156	168	168	170
Dec.	86	114	124	118	116	108	112	113	117	106	113	107	114	126	126	119	121	158	169	170	173
Jan.	87	114	124	119	117	108	113	113	117	106	115	107	114	127	128	119	121	158	169	173	171
Feb.	87	115	128	120	118	108	114	113	117	107	115	107	115	127	129	120	122	162	174	176	181
Mar.	87	115	129	120	119	108	114	114	118	107	116	107	115	127	135	120	124	160	174	179	180
Apr.	87	116	130	121	120	109	114	114	120	108	115	108	117	127	141	121	125	162	180	179	182
May	87	116	129	122	120	109	114	115	120	108	116	108	116	126	146	122	126	163	181	179	183
June	87	116	132	122	121	110	115	116	120	108	116	108	117	128	154	123	127	165	182	182	188
July	87	117	132	122	121	110	116	116	121	109	117	108	116	129	158	125	128	168	183	183	189
Aug.	87	117	133	123	121	110	117	116	121	110	117	108	114	130	166	125	129	170	187	182	182
Sept.	87	118	133	124	124	110	116	117	122	110	117	108	115	131	164	126	130	171	192	187	197
Oct.	87	118	133	125	122	110	116	118	121	111	117	109	116	132	162	126	130	171	194	186	188
Nov.	87	118	132	125	124	111	115	118	121	112	116	109	115	132	159	126	128	171	192	190	195
Dec.	87	120	132	126	123	112	116	119	122	112	116	109	114	134	157	128	129	170	193	196	198
Jan.	88	120	132	126	125	112	118	119	122	113	117	111	113	134	158	128	129	168	192	200	202
Feb.	88	120	133	127	125	112	120	120	122	113	116		115	137	156	130	129	175	197	204	202
Mar.	88	121	134	127	126	113	120	121	124	114	117		116	137	156	134	130	171	201	204	206
Apr.	88	121	134	127	126	112	121	121	123	115	116		116	136	158	133	131	171	202	200	200
May	88	121	133						124									172	206		
Growth Rates, Percent																					
July	86	2	3	2	2	6	– 1	4	6	2	2	2	4	2	4	1	0	12	13	16	21
Aug.	86	2	2	2	2	5	0	4	6	2	1	0	3	2	4	2	1	12	13	18	20
Sept.	86	2	3	2	2	5	0	4	6	3	3	2	4	3	8	1	5	13	12	14	18
Oct.	86	2	3	2	2	4	0	4	6	3	2	2	4	3	11	2	7	13	12	14	16
Nov.	86	2	1	2	1	4	0	3	4	4	3	2	4	2	13	2	8	13	14	13	14
Dec.	86	3	5	3	2	3	2	4	6	4	3	2	3	3	16	1	10	14	13	12	14
Jan.	87	2	4	3	3	2	3	3	5	3	5	2	2	4	19	0	10	13	12	14	10
Feb.	87	4	4	4	4	2	5	3	4	4	5	1	3	3	18	2	10	15	15	15	20
Mar.	87	3	9	4	5	2	4	3	5	4	5	1	3	3	25	2	12	11	13	17	15
Apr.	87	3	9	5	7	3	4	4	7	4	4	2	4	2	31	3	12	13	18	13	15
May	87	3	8	6	6	2	3	4	6	4	5	2	2	1	35	4	13	11	17	12	13
June	87	3	11	6	6	2	4	5	6	5	4	1	4	3	44	6	12	11	15	13	16
July	87	4	10	5	8	3	5	5	6	5	4	1	3	5	45	8	11	12	14	12	15
Aug.	87	4	10	6	5	3	6	5	8	6	4	–1	–1	5	50	7	12	13	16	8	5
Sept.	87	4	9	6	8	3	4	5	7	6	4	2	0	6	39	7	11	12	20	13	20
Oct.	87	5	7	7	4	3	4	6	4	6	3	3	1	6	30	7	8	10	18	9	8
Nov.	87	5	4	7	6	4	1	5	3	7	1	3	–1	7	19	6	5	8	13	13	14
Dec.	87	5	3	7	4	4	2	6	3	7	0	3	–2	7	13	9	4	6	12	16	15
Jan.	88	5	3	6	6	3	5	5	2	7	2	5	–3	8	9	7	3	3	9	18	16
Feb.	88	5	2	6	5	4	7	6	3	6	0		–1	10	4	9	3	10	11	20	14
Mar.	88	6	3	6	7	4	7	6	4	6	0		2	9	2	14	3	3	14	18	16
Apr.	88	5	3	5	4	3	7	5	2	7	–1		1	7	2	10	4	2	13	10	7
May	88	4	1						4									3	15		
Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7

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The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — **August 1988**

ECONOMIC EXPANSION SLOWS A LITTLE

SUMMARY

Worldwide, growth has slowed to about five percent in the composite measure of output, employment, income and sales. According to the leading indexes, however, still slower growth lies ahead.

Regionally, prospects in Europe have improved a bit, but look more hesitant elsewhere.

Nationally, the leading index for France is stronger than at any time in the past year. Among the other major industrial countries, the slowdown in Japan's leading index is the most dramatic.

Interpretation: The global expansion has slowed a trifle and further slowing is indicated by the leading indexes for most countries. Since rapid growth tends to generate inflation, this outlook has at least one favorable implication: it will be easier to keep inflationary pressures under control.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	6	7	5	6	4	1	Expansion continuing, leaders weak	May
9 countries excl. U.S.	3	6	7	5	8	4	3	Expansion continuing	May
North America (2)	3	5	6	5	4	3	-1	Expansion continuing, leaders weak	May
Europe (4)	2	5	5	5	1	3	4	Expansion continuing	May
Pacific Region (4)	4	7	11	6	17	5	1	Expansion continuing, leaders weak	May
United States	3	6	6	6	3	3	2	Expansion continuing, leaders weak	June
Canada	3	7	6	5	6	5	4	Expansion continuing	May
West Germany	2	4	4	4	1	7	7	Expansion continuing	June/May
France	2	5	6	5	3	4	9	Expansion continuing	May/June
United Kingdom	2	7	6	7	1	0	1	Expansion continuing, leaders weak	May
Italy	2	3	5	8	-1	-1	2	Expansion continuing, leaders weak	Apr./May
Japan	4	7	10	6	19	4	0	Expansion continuing, leaders weak	May
Australia	3	6	9	6	5	3	5	Expansion continuing	May
Taiwan, R.O.C.	8	6	3	4	12	14	14	Expansion continuing, leaders strong	June
Korea, R.O.K.	7	13	20	5	14	13	6	Expansion continuing	May

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1987-88

		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	87	115	122	116	120	114	124	109	115	129	130
Feb.	87	116	124	117	121	116	127	109	115	129	132
Mar.	87	116	125	117	123	116	127	109	116	130	137
Apr.	87	117	127	118	126	116	128	110	116	129	142
May	87	117	128	118	127	116	128	110	116	129	146
June	87	118	131	118	130	117	131	111	117	131	153
July	87	118	132	119	132	118	131	111	118	132	157
Aug.	87	119	134	120	134	118	132	111	118	132	163
Sept.	87	119	134	120	134	118	132	112	118	134	163
Oct.	87	120	133	121	133	120	132	112	118	134	161
Nov.	87	121	132	122	132	120	131	113	117	135	158
Dec.	87	122	132	122	132	121	131	113	117	136	157
Jan.	88	122	132	123	132	121	132	114	118	137	157
Feb.	88	123	133	124	132	122	132	114	119	140	156
Mar.	88	124	133	125	133	122	133	115	120	140	157
Apr.	88	124	133	125	134	122	132	115	119	139	158
May	88	124	133	125	134	123	131	116	120	139	158

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (3)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	7	3	8	2	4	3	4	5	17
4	9	4	9	4	8	3	4	4	17
3	10	3	11	4	8	3	4	4	22
4	12	3	13	4	9	3	5	3	28
3	12	3	14	4	8	3	4	2	31
4	15	4	17	4	11	4	5	4	38
5	14	5	17	5	10	4	5	6	39
5	15	5	19	5	9	4	4	5	43
5	13	5	16	5	9	4	4	6	35
6	10	6	12	6	7	5	3	7	26
6	6	6	8	5	4	5	1	7	17
6	5	6	6	6	3	5	1	8	12
6	4	6	5	6	3	5	2	8	9
7	4	7	4	6	3	5	3	11	5
7	3	7	4	6	3	6	4	10	3
6	2	6	3	5	2	5	3	7	3
5	1	5	3	5	-1	5	4	6	1
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1987-88

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	87	114	124	119	117	108	113	113	117	106	115	107	114	127	128	119	121	158	169	173	171
Feb.	87	115	127	120	118	108	114	113	117	107	115	107	115	127	129	120	122	162	174	176	181
Mar.	87	115	128	120	119	109	114	114	118	107	116	107	116	127	135	120	124	160	174	179	180
Apr.	87	116	129	121	120	109	114	114	120	108	115	108	117	127	141	121	125	163	180	179	182
May	87	116	129	122	120	109	114	115	120	108	116	108	115	126	146	122	126	163	181	179	183
June	87	116	132	122	121	110	115	116	120	108	116	108	116	128	154	123	127	165	182	182	188
July	87	117	132	122	121	110	116	116	121	109	117	108	116	129	158	125	128	168	183	183	189
Aug.	87	118	133	123	121	110	117	116	121	110	117	107	114	130	166	125	129	170	187	182	182
Sept.	87	118	133	124	124	111	116	117	122	110	117	108	115	131	164	126	130	171	192	187	197
Oct.	87	119	133	125	122	111	116	118	121	111	117	109	115	132	162	126	130	171	194	186	188
Nov.	87	119	132	125	123	111	115	118	121	112	116	109	115	132	158	126	128	171	192	190	195
Dec.	87	120	132	126	123	112	116	119	122	112	116	109	114	134	157	128	129	170	193	196	198
Jan.	88	120	133	126	124	112	118	119	122	113	117	111	114	134	157	128	129	168	192	200	202
Feb.	88	121	133	127	124	112	120	120	122	113	116	112	115	137	156	130	129	175	197	204	201
Mar.	88	122	134	127	127	113	120	121	124	114	117	112	116	137	156	134	130	171	201	204	205
Apr.	88	122	133	127	126	112	121	121	122	115	116	114	116	136	158	129	131	171	202	200	200
May	88	122	132	128	126	113	121	121	124	115	117		116	136	158	131	132	172	206	196	201
June	88	123	134			114			128									174	207		
Growth Rates, Percent																					
Jan.	87	2	4	3	3	2	3	3	5	3	5	2	2	4	19	0	10	13	12	14	10
Feb.	87	4	8	4	4	2	4	3	4	4	5	1	2	3	18	2	10	15	15	15	20
Mar.	87	4	9	4	5	2	4	3	5	4	5	1	3	3	25	2	12	11	13	17	15
Apr.	87	4	9	5	7	3	4	4	7	4	4	2	4	2	31	3	12	13	18	13	15
May	87	4	8	6	6	2	3	4	6	4	5	2	2	1	35	4	13	11	17	12	13
June	87	4	11	6	6	3	4	5	6	5	4	2	3	3	44	6	12	11	15	13	16
July	87	5	10	5	6	3	6	5	6	5	4	1	2	5	45	8	11	12	14	12	15
Aug.	87	5	10	6	5	3	6	5	6	6	5	-1	-1	5	50	7	12	13	16	8	5
Sept.	87	5	9	6	8	3	5	5	7	6	4	1	0	6	39	7	11	12	20	13	20
Oct.	87	6	7	7	4	3	4	6	4	6	3	3	0	6	30	7	8	10	18	9	8
Nov.	87	5	4	7	6	4	1	5	3	7	1	3	-1	7	19	6	5	8	13	13	14
Dec.	87	6	3	7	4	4	3	6	3	7	0	3	-2	7	13	9	4	6	12	16	15
Jan.	88	6	3	6	6	3	5	5	2	7	2	5	-3	8	9	7	3	3	9	18	16
Feb.	88	6	3	6	5	4	7	6	3	6	0	6	-1	10	4	9	3	10	11	20	13
Mar.	88	6	3	6	7	4	6	6	4	6	0	6	2	9	2	14	3	3	14	18	15
Apr.	88	6	2	5	6	3	7	5	2	7	0	8	2	7	2	4	4	2	13	10	8
May	88	5	-1	5	4	3	7	5	4	7	1		2	6	0	6	5	2	14	5	6
June	88	6	2			4			9									4	14		
Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7

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11/23/88

The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — September 1988

GLOBAL EXPANSION PERKS ALONG
—No Sign of Either Recession or Runaway Boom

SUMMARY

Worldwide, the latest figures show the economic outlook to have brightened modestly, although the slower growth in the composite leading index has not disappeared.

Regionally, there's very little to choose among the three main geographic areas. The indexes for the Pacific Region look a bit stronger than the others on economic performance but a bit slower for the leaders.

Nationally, except for Japan, the leading index for each country is now above the level it reached prior to last year's stock market crash. In Japan the stock price index itself has surpassed its 1987 peak but some of the other leading indicators still show weakness.

Interpretation. The long cyclical expansion in the industrial countries continues to move forward at a respectable pace. Recession is nowhere in sight, and neither is runaway boom.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	6	7	6	5	3	4	Expansion continuing	June
9 countries excl. U.S.	3	6	7	6	6	4	4	Expansion continuing	June
North America (2)	3	6	6	5	3	3	5	Expansion continuing	June
Europe (4)	2	5	6	5	1	3	5	Expansion continuing	June
Pacific Region (4)	4	8	10	8	12	3	3	Expansion continuing	June
United States	3	5	5	5	3	2	2	Expansion continuing	July
Canada	3	7	6	4	5	6	5	Expansion continuing	June
West Germany	2	4	4	4	2	6	6	Expansion continuing	June
France	2	6	6	6	2	2	6	Expansion continuing	June/July
United Kingdom	2	7	7	5	0	1	2	Expansion continuing, leaders weak	June
Italy	2	3	5	6	-2	1	3	Expansion continuing	Apr./June
Japan	4	7	9	8	13	2	2	Expansion continuing, leaders weak	June
Australia	3	7	9	10	5	6	8	Expansion continuing	June
Taiwan, R.O.C.	8	3	3	3	9	13	13	Expansion continuing, leaders strong	July
Korea, R.O.K.	7	16	18	7	15	15	13	Expansion continuing, leaders strong	June

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1987-88

		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	87	115	122	116	120	114	123	109	115	129	130
Feb.	87	116	124	117	121	116	126	109	115	129	131
Mar.	87	116	125	117	123	116	127	109	116	130	136
Apr.	87	117	127	118	126	116	128	110	116	129	141
May	87	117	128	118	127	116	128	110	116	129	146
June	87	118	131	118	130	117	131	111	117	131	152
July	87	118	132	119	132	118	131	111	117	132	156
Aug.	87	119	133	120	134	118	131	111	118	132	163
Sept.	87	120	133	120	134	119	132	112	118	134	162
Oct.	87	120	133	121	133	120	132	112	118	134	160
Nov.	87	121	132	122	132	120	131	113	117	135	157
Dec.	87	122	132	122	132	121	131	113	117	136	156
Jan.	88	122	132	123	132	121	131	114	118	137	156
Feb.	88	123	132	124	132	122	132	114	119	140	155
Mar.	88	124	133	125	133	122	133	115	120	140	156
Apr.	88	124	133	124	133	122	132	115	119	139	158
May	88	124	133	125	134	123	132	115	120	139	158
June	88	125	136	126	136	124	135	116	121	142	160

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (3)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	6	3	8	2	3	3	4	5	17
4	8	3	9	4	7	3	4	4	17
3	10	3	11	4	8	3	4	4	22
4	11	3	13	4	9	3	5	3	28
3	12	3	14	4	8	3	4	2	31
4	15	4	17	4	11	3	5	4	38
5	14	5	17	5	10	4	5	6	39
5	15	5	19	5	9	4	4	5	43
5	13	5	16	5	8	4	4	6	35
6	10	6	12	6	7	5	3	7	27
6	6	6	8	6	4	5	1	7	17
6	5	6	6	6	3	5	1	8	12
6	4	6	5	5	3	5	2	8	9
7	3	7	4	6	3	5	3	11	5
7	3	7	4	6	3	6	3	10	3
5	3	6	3	5	2	5	3	7	3
5	2	5	3	5	1	4	4	6	1
6	4	6	4	5	5	5	5	8	3
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1987-88

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Jan.	87	114	124	118	117	108	113	113	117	106	115	107	115	127	128	119	116	158	169	172	171
Feb.	87	115	127	119	118	108	114	113	117	107	115	107	115	127	129	120	116	162	174	176	181
Mar.	87	115	128	120	119	109	114	114	118	107	115	107	115	127	135	120	117	160	174	179	180
Apr.	87	116	129	121	120	109	114	114	120	108	115	108	116	127	141	121	118	163	180	178	182
May	87	116	129	122	120	109	114	115	120	108	116	108	116	126	146	122	120	163	181	179	183
June	87	117	132	122	121	110	115	116	120	108	116	108	116	128	154	123	120	165	182	182	188
July	87	117	132	122	121	110	116	116	121	109	117	108	116	129	158	125	121	168	183	182	189
Aug.	87	118	132	123	122	110	117	116	121	110	117	107	114	130	166	124	122	170	187	181	182
Sept.	87	118	133	124	124	111	116	117	122	110	117	108	115	131	164	125	123	171	192	187	197
Oct.	87	119	132	125	122	111	116	118	121	111	117	109	115	132	162	125	123	171	194	185	188
Nov.	87	120	131	126	123	111	115	118	121	112	116	109	115	132	158	125	122	171	192	190	195
Dec.	87	120	132	126	123	112	116	119	122	112	116	109	114	134	157	127	123	170	193	195	198
Jan.	88	120	132	126	125	112	118	119	122	113	117	111	114	134	157	127	122	168	192	200	202
Feb.	88	121	133	127	125	112	120	120	122	113	116	112	115	137	158	128	123	175	197	204	201
Mar.	88	122	133	127	126	113	120	121	124	114	117	112	116	137	156	130	125	171	201	204	206
Apr.	88	122	133	127	126	112	120	121	122	114	116	113	116	136	158	128	126	171	202	200	201
May	88	122	132	126	125	113	121	121	124	115	117		116	136	158	128	128	172	206	196	202
June	88	123	136	128	127	114	122	122	127	115	118		117	139	160	133	128	174	206	200	210
July	88	124	134						126									174	209		
Growth Rates, Percent																					
Jan.	87	2	3	3	3	2	3	3	5	3	5	2	2	4	19	0	7	13	12	14	10
Feb.	87	4	8	4	4	2	4	3	4	4	5	1	2	3	18	2	7	15	15	15	20
Mar.	87	4	8	4	5	2	4	3	5	4	5	1	3	3	25	1	8	11	13	17	15
Apr.	87	4	9	5	7	3	4	4	7	4	4	2	4	2	31	3	9	13	18	13	15
May	87	4	8	6	6	2	3	4	6	4	5	2	2	1	35	4	10	11	17	12	13
June	87	4	11	6	6	3	4	5	6	5	4	2	3	3	44	6	8	11	15	13	16
July	87	5	10	6	6	3	6	5	6	5	4	1	2	5	45	7	8	12	14	12	16
Aug.	87	5	9	6	6	3	6	5	6	6	4	-1	-1	5	50	6	9	13	16	9	5
Sept.	87	5	8	6	8	3	5	5	7	6	4	1	0	6	39	7	10	12	20	13	20
Oct.	87	6	7	7	4	3	4	6	4	6	3	3	0	6	30	5	8	10	18	9	8
Nov.	87	5	4	7	6	4	1	5	3	7	1	3	-1	7	19	5	5	8	13	12	14
Dec.	87	6	3	7	5	4	2	6	3	7	0	3	-2	7	13	7	5	6	12	16	15
Jan.	88	5	3	6	6	3	5	5	2	7	2	5	-2	8	9	6	3	3	9	18	16
Feb.	88	6	3	6	5	4	7	6	3	7	0	6	-1	10	4	7	4	10	11	20	13
Mar.	88	6	3	6	5	4	6	6	4	7	1	6	1	9	2	9	6	3	14	18	15
Apr.	88	6	2	5	5	3	6	5	2	6	0	6	1	7	2	4	6	3	13	11	8
May	88	5	0	5	3	3	7	5	4	6	1		2	6	0	4	8	3	14	6	7
June	88	6	5	4	5	4	6	6	7	5	2		3	8	2	10	8	4	12	7	13
July	88	5	2						6									3	13		
Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7

2ND QTR.

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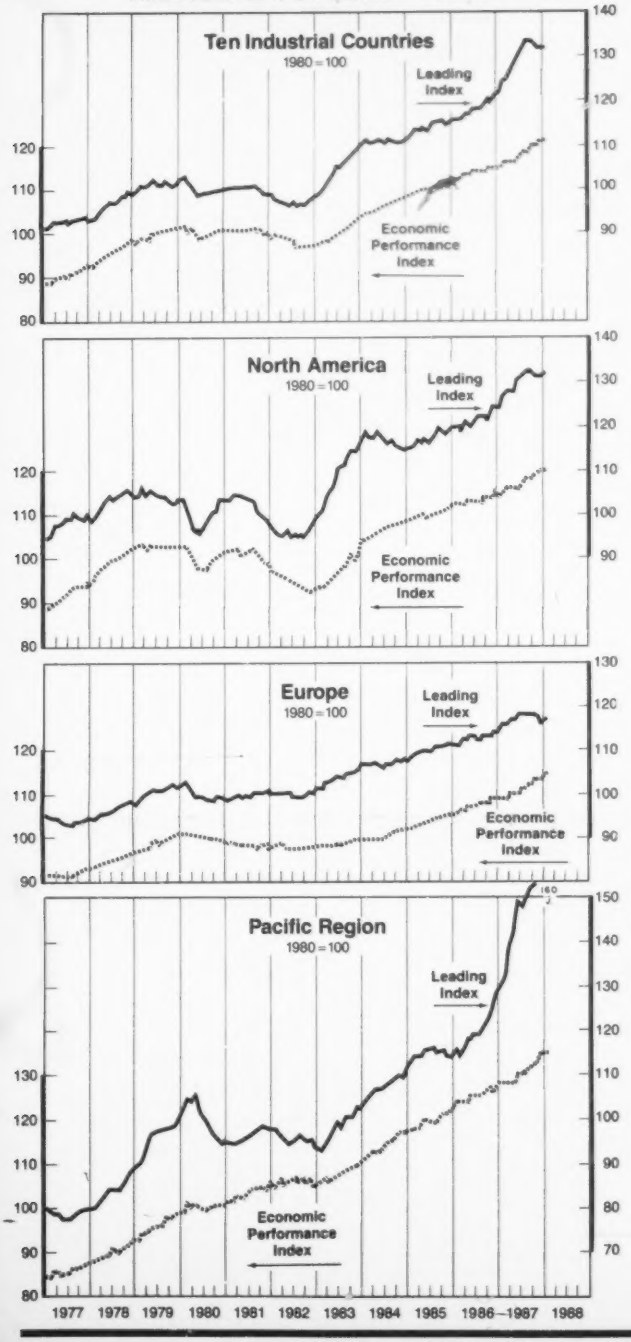
The Conference Board

Economic and Business Environment Program

International Economic Scoreboard

A Quarterly Report from The Conference Board — **Second Quarter**

WORLD BUSINESS CYCLE



The major industrial economies continue to advance at a good clip. The leading indexes, however, have not recovered their losses of last October-November when the world's stock markets took a nose-dive. Thus we still have reason to worry about the sustainability of the cyclical expansion.

Close examination of the data shows that in almost every major country around the world all of the decline in the leading indexes since last September can be traced to the plunge in equity prices. In fact, if the composite leading indexes for each region and for the ten countries are recalculated after deleting stock prices as a component series, the new composites would show continued growth since September, thus pointing to further economic expansion ahead.

Which signal should we believe? The "regular" leading indexes, with their cautionary messages? Or the more optimistic tidings from the composite leaders that have been purged of stock prices? There is no clearly right or wrong answer. The stock price series is a reliable leading indicator. It was selected to be a component of the composite leading index because it has an excellent historical record of moving in advance of the business cycle. But, like all the component series, its performance as a leading indicator is less than perfect. On occasion, it turns when the economy does not, or vice versa. Of late most forecasters are betting that this is one of those occasions when the plunge in stock prices does not signal trouble ahead for the economy. The fact that a slight majority of the other leaders (the component indicators for all ten countries) have continued to rise since September provides modest support for this more hopeful interpretation. But the outcome is still unclear. Forecasters cannot dismiss all their worries. They still have to pay their money and take their chances.

Regionally, the pattern of the past year continues to hold: The performance indexes are rising at about the same rate in each area, but the leading indexes suggest the expansion will gain strength in the Pacific region and lose momentum in Europe.

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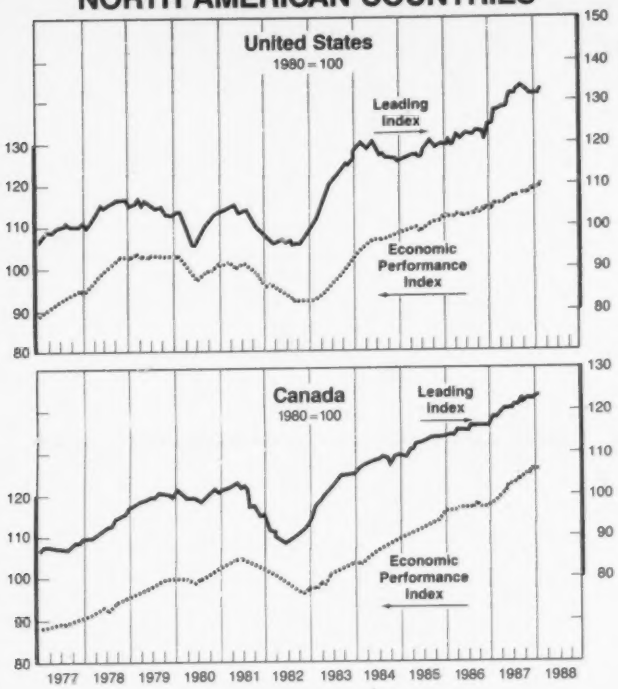
NORTH AMERICAN COUNTRIES



The U.S. business cycle continues to advance at a sturdy 5 percent rate. Since the September-October drop, the leading index has leveled off, with all the components moving in a rather choppy, indecisive fashion. Thus, here too, the outlook signals are mixed.

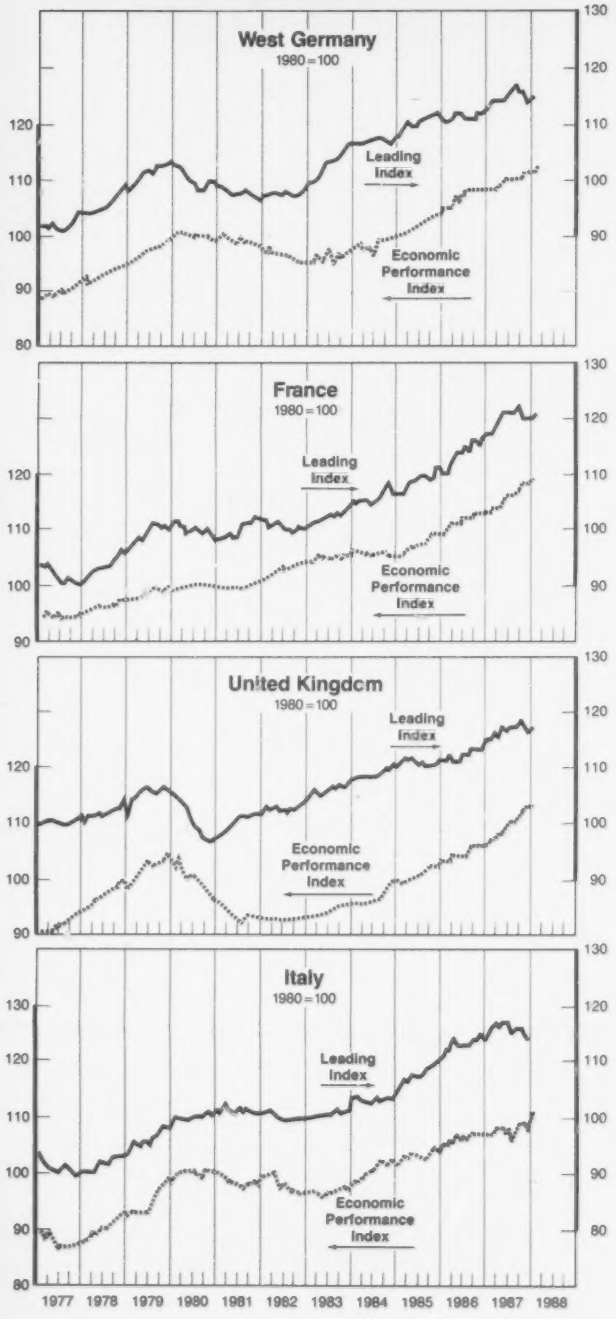
The Canadian outlook is a bit more bullish than most, in that the leading index has recovered to a new record high.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*				
		6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month	Current Reading on the Cycle	Latest Month Covered
	1976-86	annual rates, percent							
Ten countries	3	4	5	5	14	10	4	Expansion continuing	Jan.
9 countries excl. U.S.	3	4	5	5	18	12	5	Expansion continuing	Jan.
North America (2)	3	4	5	5	9	7	3	Expansion continuing	Jan.
Europe (4)	2	4	4	5	5	3	0	Expansion continuing, leaders weak	Jan.
Pacific Region (4)	4	5	6	6	39	26	13	Expansion continuing, leaders strong	Jan.
United States	3	4	5	5	10	5	3	Expansion continuing	Feb.
Canada	3	5	7	6	5	4	6	Expansion continuing	Jan.
West Germany	2	3	4	3	5	4	0	Expansion continuing, leaders weak	Feb./Jan.
France	2	5	5	5	6	2	1	Expansion continuing, leaders weak	Jan./Feb.
United Kingdom	2	6	6	7	5	4	2	Expansion continuing, leaders weak	Jan.
Italy	2	1	4	6	4	1	2	Expansion continuing, leaders weak	Jan./Dec.
Japan	4	3	6	9	45	30	13	Expansion continuing, leaders strong	Feb./Jan.
Australia	3	7	6	9	12	5	3	Expansion continuing	Feb.
Taiwan, R.O.C.	8	13	8	9	16	13	13	Expansion continuing, leaders strong	Feb.
Korea, R.O.K.	7	11	12	17	14	9	24	Expansion continuing, leaders strong	Jan.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

EUROPEAN COUNTRIES



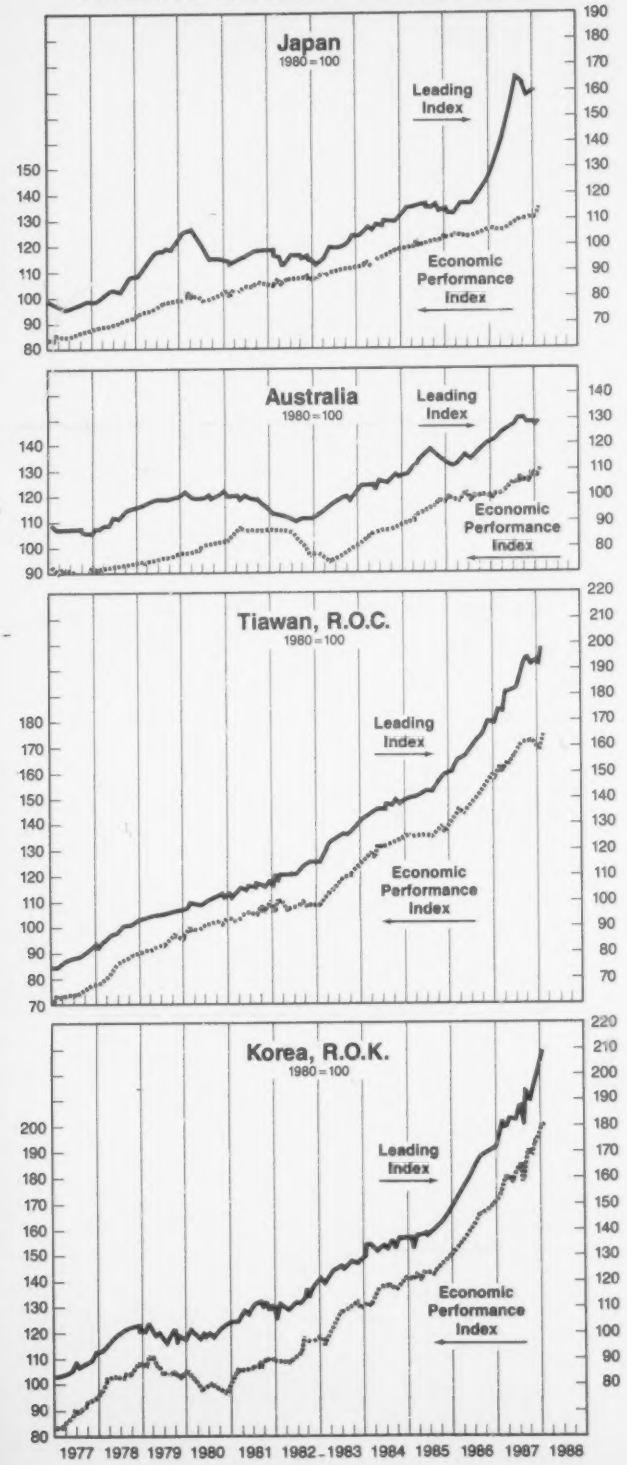
The West German economy continues to record slow progress. The leading indicators are a mixed bag, but basically the composite leading index suggests still more sluggishness ahead.

In France, the economy has been advancing steadily, despite the feeble advance of the leading index. Prospects for the coming months are not encouraging.

The United Kingdom, like France, shows rather sturdy growth in the performance index, despite torpor in the leaders. Here, too, it's difficult to project any economic vigor in the immediate future.

In Italy, the performance index has improved sharply from three months ago, but the leading index (now, as then) suggests only modest gains ahead.

PACIFIC REGION COUNTRIES



In Japan, the economic expansion has continued to accelerate. The leading index has cooled off in recent months, after a spurt last summer that can only be described as explosive, but the outlook still seems to be favorable.

The Australian business cycle is also on a vigorous upswing. The leading indicators, although still rising, have slowed the pace of ascent. Except for the October-November drop in stock prices, the leading index would be advancing much more emphatically.

In Taiwan, both the performance and leading indexes are moving to higher levels at nearly breakneck speed.

The recent numbers for the South Korean economy are enormously impressive. Both the performance and leading indexes are rising dramatically, faster than any other nation.

FORECASTS OF OUTPUT AND INFLATION: A LOOK AT THE RECORD

> Prediction is inseparable from life. All human activity—whether within or outside the economic sphere—inevitably reflects forecasts of the future, mingled with current pressures and past commitments. The forecasts are sometimes bold, definite, and comprehensive; more often they are hesitant, amorphous, uttered instinctively—if at all. The choice before man is not whether to engage in forecasting or to abstain from it, but whether to base expectations on 'hunches' or on lessons carefully distilled from experience.
>
> Arthur F. Burns, "Stepping Stones Toward the Future," 1947.

One important lesson carefully distilled from experience is that it is a very rare individual whose forecasts are consistently more accurate than the consensus of a group of professional forecasters. Over time, the record of the consensus is virtually always superior. Accordingly, in this issue of the *Scoreboard* we survey a multicountry record of consensus forecasts since 1982. These are forecasts of economic output (real GNP or GDP) and inflation (the consumer price index—CPI) for the United States, the United Kingdom, West Germany and Japan.

This historical record comes from *Blue Chip Economic Worldscan,* which regularly published projections of year-to-year percentage changes in the GNP and the CPI for the major countries. (Data are now provided in *The Currency Forecasters' Digest,* White Plains, New York.) More than forty prominent forecasters from many countries regularly participate in the survey from which these consensus forecasts are compiled.

How accurate have these forecasts been? The record is shown on the chart, next page. The forecasts were made in December preceding the forecast year. The average forecast error (calculated without regard to sign) for all four countries combined was 0.9 percentage points for output and 1.2 points for prices (see table).

The chart also reveals two biases in the forecasts. The first appears in the forecasts of price changes. During this period, when inflation was declining year after year, the forecasters were slow to recognize this trend, so they continually overestimated the inflation rate. The opposite bias has been observed during periods of rising inflation.

The second bias, less pronounced, is found in the output forecasts. Most forecasters stay close to the average, which makes for accurate projections when the economy is behaving moderately, but causes big errors during booms and busts. Thus most forecasts tend to fall short when the economy takes off, but they tend to be too high when the economy slumps. This bias has also been observed among U.S. forecasters over a longer historical period.

Is this a "good" forecasting record? Brilliant? Shameful? Well, it's probably "better than a blindfold and a pin," as *The Economist* once put it, but before you can decide whether a forecast record is good or bad you need a standard to measure it against. One widely used standard is "naive extrapolation," a forecast made by assuming next year's change will be the same as last year's. Then you compare the forecast errors from this extrapolation method against the errors recorded by the Worldscan consensus.

In almost every case, the consensus of forecasters proves to be superior to the extrapolation benchmark. For output growth, the average error for the consensus is 0.9 percentage points vs. 1.4 points for the benchmark. For inflation the margin is narrower: 1.2 vs. 1.5 percentage points. Looking at the record country by country, the forecasters beat the benchmark on output in all four nations, and on inflation in three nations. During these years, the extrapolative forecasts were more accurate only for inflation in Japan.

Looking Ahead. What are the forecasters saying now? For 1988 and 1989 the consensus calls for continued economic growth in all four countries (table below). The pace of growth is expected to slow down from last year in the United States, the United Kingdom, and Japan, but to quicken slightly in Germany. Basically the expectations for output are for more of the same sturdy but underwhelming growth the world business cycle has experienced the past few years.

On inflation, in every country the consensus projects a somewhat faster advance in the price level over the next two years than took place in 1987. That means inflation of between 4 and 5 percent in the United States and the United Kingdom, and between 1 and 2 percent in West Germany and Japan.

In short, the forecasting fraternity anticipates neither a recession nor an inflationary boom. The consensus is staying pretty close to the "same change" benchmark. Maybe they know it's tough to beat, even though the past record shows they've been doing it!

AVERAGE FORECAST ERRORS, 1982-1987
(year-to-year percent changes)

	Output		Inflation	
	Consensus	Extrapolation	Consensus	Extrapolation
United States	1.0	2.9	1.4	2.0
United Kingdom	0.8	1.1	1.3	2.0
West Germany	0.8	1.1	0.9	1.1
Japan	0.8	1.4	1.3	1.0
Average, four countries	0.9	1.6	1.2	1.5

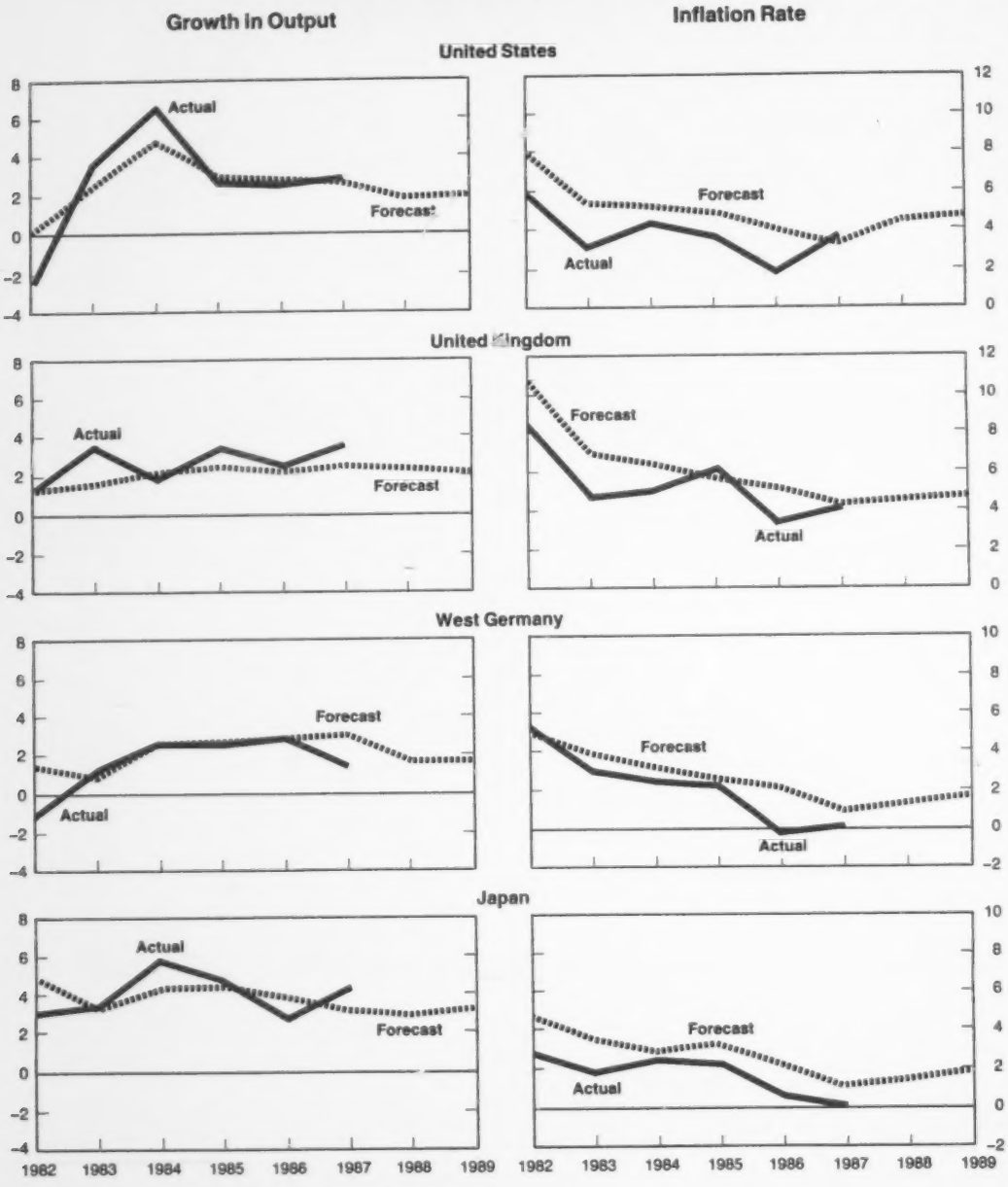
FORECAST CHANGES IN OUTPUT AND INFLATION, 1987-89
(year-to-year percent changes)

	United States	United Kingdom	West Germany	Japan
	Output			
1986-87 (Actual)	2.9	3.5	1.4	4.2
1987-88 (Forecast)	1.9	2.3	1.7	2.9
1988-89 (Forecast)	2.0	2.2	1.7	3.2
	Inflation			
1986-87 (Actual)	3.7	4.1	0.2	0.1
1987-88 (Forecast)	4.5	4.5	1.4	1.4
1988-89 (Forecast)	4.7	4.7	1.7	1.9

Source: *The Currency Forecasters Digest*

Forecasts of Growth and Inflation

Four Countries, 1982-89



Source: Blue Chip Economic Worldscan and The Currency Forecasters' Digest

The Conference Board

845 Third Avenue, New York, N.Y. 10022 / (212) 759-0900
1755 Massachusetts Avenue, N.W., Suite 312, Washington, D.C. 20036
255 Smyth Road, Ottawa, Ontario, K1H-8M7, Canada
Avenue Louise, 207-Bte 5; B-1050 Brussels, Belgium

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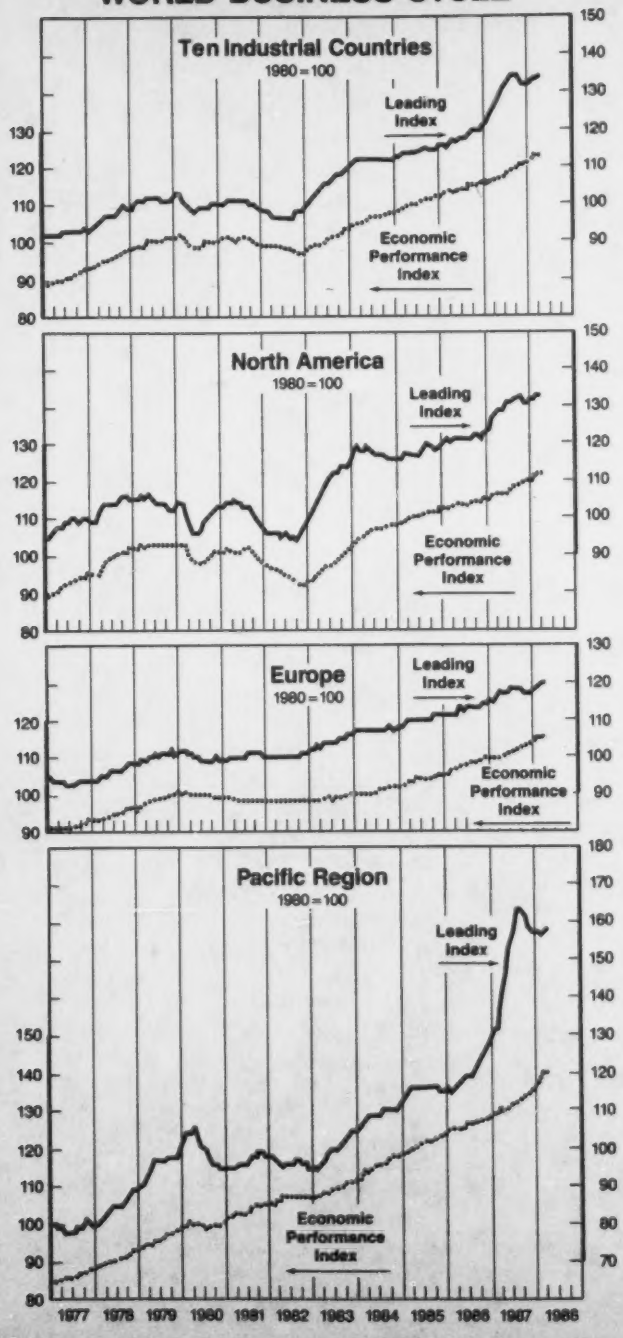
The Conference Board

Economic Analysis Program

International Economic Scoreboard

A Quarterly Report from The Conference Board — Third Quarter

WORLD BUSINESS CYCLE



The long steady economic advance of the world's major countries continues apace. As of July in fact, this remarkable stretch has lasted for more than 5½ years.

As we look to the future, the leading indexes suggest further moderate growth in the months ahead. The pace of advance in these look-ahead indexes is modest for most countries. The two exceptions are Taiwan on the exuberant side and the United Kingdom on the sluggish side. The leading indexes for the other eight countries show growth rates ranging from 1 percent (U.S. and Italy) to 7 percent (West Germany and Korea). Taken together, the leading index for all ten countries shows a growth rate (3%) equal to its long-term average.

Regionally, the story is that the leading index for the Pacific area is no longer climbing faster than the leaders in North America and Europe. New data from Japan have cooled down the previous extraordinary growth rates for the leading indexes for that nation and the Pacific region. At this point, no sign of a downturn has appeared in any of the three major areas covered by our data, but—contrary to last year's pattern, when the Pacific consistently showed much better numbers and Europe looked more sluggish—the economies of all three regions appear today to be on the upgrade at the same modest pace.

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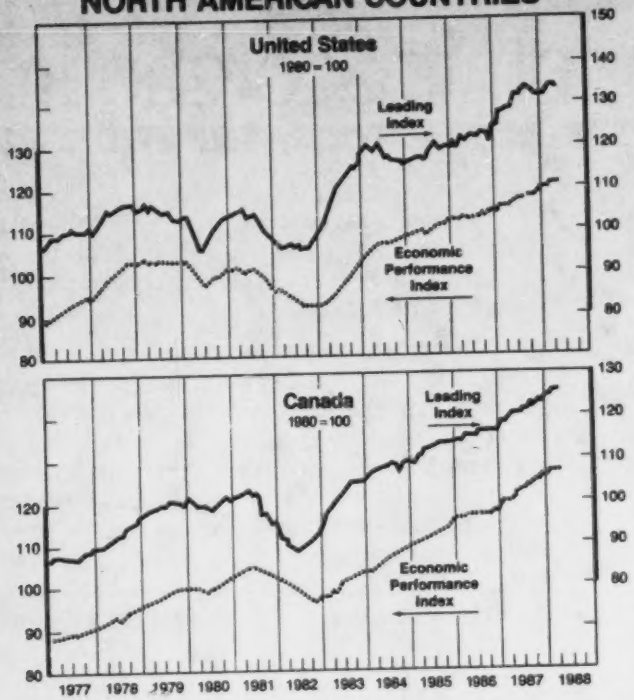
NORTH AMERICAN COUNTRIES



The U.S economy continues to expand gradually, but the leading indicators show no sign of anything better or worse ahead. Since the end of last year both the performance and leading indexes have advanced only a single point. This tepid pattern should not be interpreted pessimistically, but neither is it consistent with the kind of optimistic prospects that most forecasters have been discussing recently.

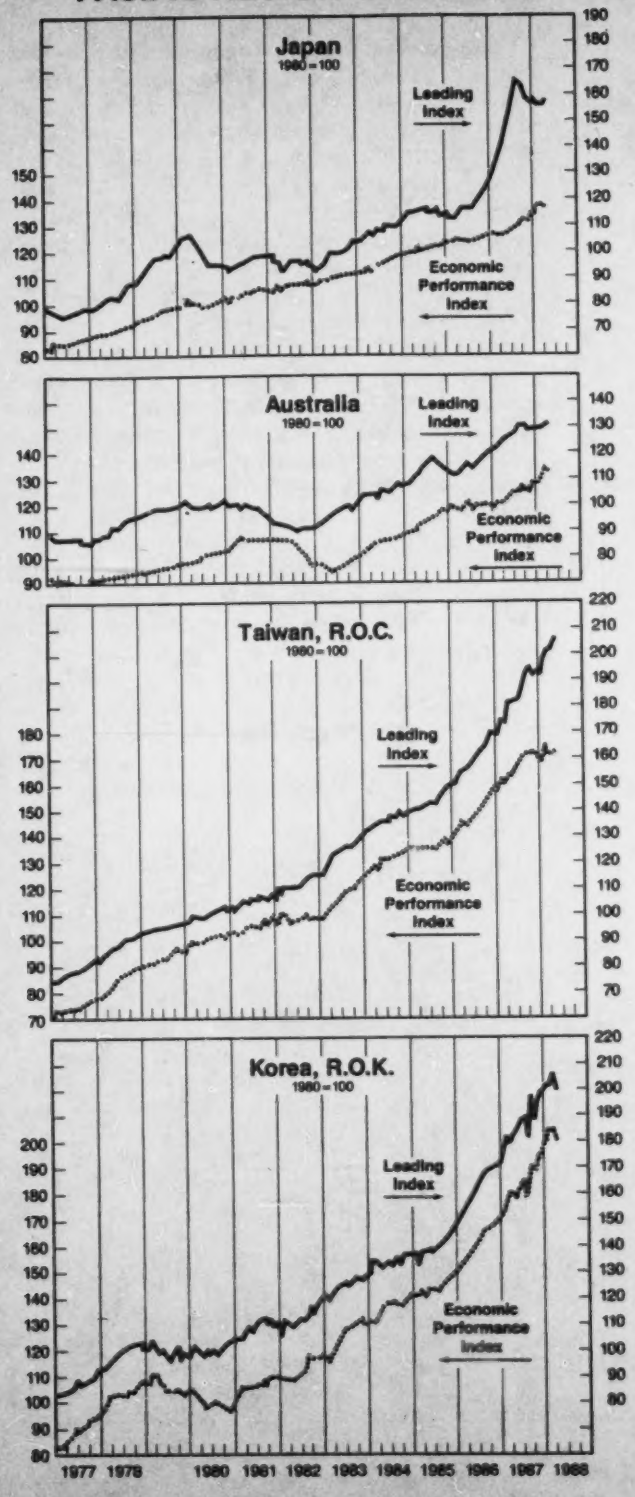
In Canada, the economy continues to move ahead a bit more vigorously than in the United States. The Canadian leading index points to further advances in economic activity in the months ahead.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	5	6	6	10	4	3	Expansion continuing	Apr.
9 countries excl. U.S.	3	5	6	6	12	5	3	Expansion continuing	Apr.
North America (2)	3	5	5	5	7	3	3	Expansion continuing	Apr.
Europe (4)	2	4	5	5	3	2	3	Expansion continuing	Apr.
Pacific Region (4)	4	7	8	7	26	9	3	Expansion continuing	Apr.
United States	3	5	5	4	4	2	1	Expansion continuing, leaders weak	May.
Canada	3	7	6	5	4	6	4	Expansion continuing	Apr.
West Germany	2	3	3	3	4	5	7	Expansion continuing	Apr.
France	2	6	5	5	3	3	4	Expansion continuing	Apr./May
United Kingdom	2	6	7	7	3	2	-1	Expansion continuing, leaders weak	Apr.
Italy	2	1	3	5	1	-3	1	Expansion continuing, leaders weak	Jan./Apr.
Japan	4	8	8	7	30	9	2	Expansion continuing	Apr.
Australia	3	7	7	10	8	3	4	Expansion continuing	Apr.
Taiwan, R.O.C.	8	8	10	3	13	11	15	Expansion continuing, leaders strong	May
Korea, R.O.K.	7	9	18	10	8	16	7	Expansion continuing	Apr.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

PACIFIC REGION COUNTRIES



The Japanese economy continues to advance, although at a more subdued clip than the explosive growth of the second half of 1987. The leading index has turned a bit sluggish, however. It's growth rate has slowed sharply, and in fact in April the leading index was still at a level below the elevated heights reached last summer.

In Australia, the indexes continue to exhibit hearty growth. The performance index has a 10 percent growth rate at the latest reading (along with Korea the fastest of the ten countries), while the leading index is advancing at a 4 percent rate.

The business cycle in Taiwan, R.O.C., is also moving ahead, although (like Japan) more slowly this year than in 1987. Its leading index, however, is advancing rapidly in recent months, suggesting that Taiwanese growth may again accelerate.

The Korean economy continues to bound ahead, with its performance index expanding at a 10% rate and its leading index at a 7% rate.

DO THE LEADING INDICATORS REALLY LEAD?

One of the fundamental propositions underlying the *Scoreboard's* economic indicator system is that in all market-oriented countries the indicators should be related in much the same way. Thus, for example, in every country we expect new orders to be a leading indicator of output and employment. Similarly, declines in profit margins are apt to be followed by cutbacks in capital investment outlays. And, wherever we are, an upswing in stock prices is usually an early sign of more prosperous times ahead.

Although this would seem to be a reasonable proposition, is it really supported by hard evidence? Remember the old song: "It ain't necessarily so!" This question is raised about the leading indicators every once in a while, either from within or outside the economics profession, and it's a good idea (especially for those of us who use the leaders regularly) to retain a certain healthy skepticism about this question.

When the *Scoreboard's* indexes were first compiled about a dozen years ago, we took care to check this point, and we've continued to check it since, especially when new countries have been added to the list. But now is an appropriate time to take another look.

Although not every indicator is available in every country, the basic list used to construct the leading indexes includes twelve indicators. This list was developed in 1966 based solely on U.S. information, and was used in compiling the Commerce Department's original leading index (which was revised somewhat in 1975). Nine of the original twelve indicators are still represented in the Commerce index today.

The major advantage of basing an international indicator system on a U.S. list was that the U.S. data had been studied intensely for many years and fitted a well-established analytical framework. Another important advantage was that it produced a degree of comparability across countries that might have been lost if each country's list had been developed independently. Finally, of course, it provides a check on whether the leading indicators behave similarly in different economies.

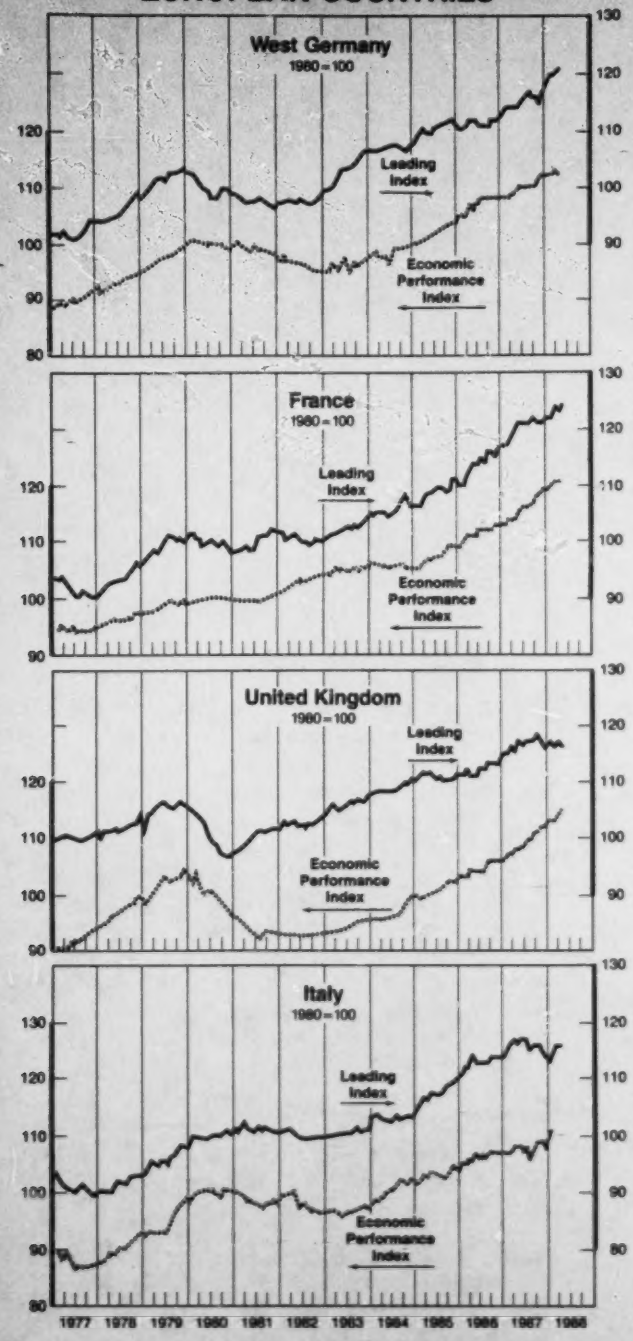
The accompanying table demonstrates that there is in fact a widespread international pattern of leads among the twelve indicators. The peak in each indicator is compared with the corresponding peak in aggregate economic activity as measured by the economic performance indexes—and their component series such as real GNP, employment, sales and income—and the number of months' lead (–) or lag (+) is recorded. From these figures we find the median or midpoint in the array of leads and lags. The median reflects the dominant tendency. In the average workweek, for example, the medians for eight countries were leads, two were coincident but none lagged. Putting the ten country records together we find that downturns in the workweek typically occurred four months before the downturn in economic activity (see last column of table).

Among the twelve indicators the only one displaying a rather weak tendency to lead is the change in business inventories. Downturns in inventory investment are frequently coincident with the downturn in overall economic activity, but seldom lag.

Lead/Lag Record Of Twelve Leading Indicators In Ten Countries At Growth Cycle Peaks

Leading Indicator	Number of Countries with				Percent Leads	Median Lead, Months
	Indicator Available	Lead	Coincident	Lag		
Av. Workweek, Manufacturing	10	8	2	0	80	– 4
New Unemployment Claims	4	3	0	1	75	– 1
New Orders, Consumer Goods	5	4	0	1	80	– 2
New Business Enterprises	6	6	0	0	100	– 8
Contracts & Orders, Plant and Equipment	7	5	0	2	71	– 2
Building Permits, Housing	9	9	0	0	100	– 6
Change in Business Inventories	6	3	2	1	50	0
Change in Industrial Materials Prices	8	6	1	1	75	– 3
Stock Price Index	10	9	1	0	90	– 6
Corporate Profits	6	6	0	0	100	– 4
Ratio, Price to Unit Labor Cost	8	6	0	2	75	– 6
Change in Consumer Debt	6	6	0	0	100	–10
Total, All Countries	85	71	6	8	84	– 4

EUROPEAN COUNTRIES



The West German business cycle continues on its steady upswing of the past year. The latest data for the leading indicators, however, are more optimistic. In previous months, the leading index had pointed toward little or no growth ahead. The most recent statistics, now suggest somewhat faster advances in the coming months.

The French economy is doing well—also better than the numbers had suggested a few months ago. Both the performance and leading indexes continue to climb at a sturdy pace. These favorable numbers are reflected in the French stock market, which by June had recovered more than half of its late-1987 losses.

The U.K. economy has been expanding vigorously. Its performance index has the fastest growth rate (7%) in Europe. But its leading index is a different story: It is the only leading index with a negative growth rate (-1%) at the latest reading.

In Italy, the indicators show a similar pattern to the United Kingdom. The performance index is rising nicely (but note that the latest data available are for January), while the leading index continues to be sluggish.

The indicators showing the strongest tendency to lead are the number of new business enterprises, building permits for new houses, corporate profits, and change in consumer debt. These four series were leaders in every country where the series is available, and they also show the longest leads—up to a median of 10 months for the change in consumer debt.

Taking all ten countries together, the historical record for business-cycle downturns shows that the dozen leading indicators used to compile our look-ahead indexes, while a bit less than infallible, are on the whole fairly reliable (84% of the cases, to be precise). The median lead for all twelve indicators is four months. That's a shorter interval than we would like, of course, but it's a big improvement over just relying on employment, production, and the like.

The record at upturns (not shown here) is similar. For future reference we provide below the median leads of the indexes for each country at business cycle troughs as well as peaks.

Median Lead Of Leading Indexes At Growth Cycle Peaks And Troughs, Ten Countries

	Peaks	Troughs
	(months)	
United States	- 2	-2
Canada	- 2	-4
United Kingdom	-10	-9
West Germany	- 7	-2
France	- 3	-4
Italy	- 9	-6
Japan	- 4	-4
Australia	- 6	-2
Taiwan, R.O.C.	- 2	-3
South Korea	- 3	-3
Ten Countries	- 4	-4

The historical record is clear. The tendency of these series to lead the business cycle, in the United States and elsewhere, is unmistakable. This justifies our expectation that the *Scoreboard's* leading indexes will continue to provide reliable early warning signals about the future direction of the world economy.

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

This publication is designed to help readers monitor the ups and downs of the business cycle around the world. To this end, two types of index are shown for each country: an index of economic performance and a leading index. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus, the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across The Board*, April 1980 and *Business Cycles, Inflation and Forecasting*, Ballinger Publishing Co., 1983.) Considerable variation in the length of the lead is to be expected, however. Constant monitoring is needed to make effective use of the system and to get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationary trends.

The indexes were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates are equal to those in real GNP in the country concerned. These growth rates are shown in the first column of the table on page 2 of the quarterly version of the *Scoreboard*.

For More Information

To find out more about this indicator system and the availability of detailed data for each country please address inquiries to:

Center for International Business Cycle Research
Columbia Business School
New York, New York 10027
Telephone: 212-280-2916

The Conference Board

845 Third Avenue, New York, N.Y. 10022 / (212) 759-0900
1755 Massachusetts Avenue, N.W., Suite 312, Washington, D.C. 20036
255 Smyth Road, Ottawa, Ontario, K1H-8M7, Canada
Avenue Louise, 207-Bte 5; B-1050 Brussels, Belgium

Prepared by Edgar R. Fiedler, Economic and Business Environment Program, Eric J. Kruger, Director. Reproduction permissible with full citation to The Conference Board as source. Published quarterly at 845 Third Avenue, New York, New York 10022.